

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

EL POLLO LOCO HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

5812
*(Primary Standard Industrial
Classification Code Number)*

20-3563182
*(I.R.S. Employer
Identification No.)*

**3535 Harbor Blvd., Suite 100
Costa Mesa, California 92626
(714) 599-5000**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Laurance Roberts
Chief Financial Officer
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(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee (1)(2)(3)
Common Stock, par value \$0.01 per share	6,900,000	\$34.09	\$235,221,000	\$27,333

- (1) Includes the 900,000 additional shares of common stock that the underwriters have the option to purchase from the selling stockholders.
(2) Estimated pursuant to Rule 457(c) under the Securities Act of 1933 (based on the average high and low prices of the registrant's common stock on the NASDAQ Global Select Market on November 14, 2014) solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933.
(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this preliminary prospectus is not complete and may be changed. Neither we nor any selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated November 17, 2014

PRELIMINARY PROSPECTUS

6,000,000 Shares



El Pollo Loco Holdings, Inc.

Common Stock

This is a public offering of our common stock. The selling stockholders named in this prospectus are offering 6,000,000 shares of our common stock and we will not receive any proceeds from the sale of shares by the selling stockholders.

Our common stock is listed on the NASDAQ Global Select Market under the symbol "LOCO." On November 14, 2014, the last reported sale price of our common stock on the NASDAQ Global Select Market was \$34.33 per share.

Investing in our common stock involves a high degree of risk. Please read the "[Risk Factors](#)" section beginning on page 14 of this prospectus.

We are an "emerging growth company" under applicable federal securities laws and are subject to reduced public company reporting requirements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
Public offering price	\$	\$
Underwriting discounts and commissions*	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

* We refer you to "Underwriting" beginning on page 103 of this prospectus for additional information regarding underwriting compensation.

Delivery of the shares of common stock is expected to be made on or about _____, 2014. The selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to 900,000 additional shares of our common stock. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by the selling stockholders will be \$ _____, and the total proceeds to the selling stockholders, before expenses, will be \$ _____.

**Jefferies
Baird**

**Morgan Stanley
William Blair**

Stifel

Prospectus dated _____, 2014

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We are responsible for the information contained in this prospectus and in any related free-writing prospectus we may prepare or authorize to be delivered to you. We have not, and the underwriters and the selling stockholders have not, authorized anyone to give you any other information, and we and the underwriters and the selling stockholders take no responsibility for any other information that others may give you. We are not, and the underwriters and the selling stockholders are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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Through and including (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

MARKET AND INDUSTRY DATA AND FORECASTS

Certain market and industry data included in this prospectus, including industry data derived from information provided by Technomic, Inc. (“Technomic”), has been obtained from third party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications, government publications and third party forecasts in conjunction with our assumptions about our markets. We have not independently verified such third party information. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings “Special Note Regarding Forward-Looking Statements” and “Risk Factors” in this prospectus.

BASIS OF PRESENTATION

In this prospectus, unless the context otherwise requires:

- “we,” “us,” “our,” the “Company” or “Holdings” refers collectively to El Pollo Loco Holdings, Inc., a Delaware corporation, incorporated in 2005, the issuer of the common stock in this offering, and its subsidiaries;
- “Intermediate” refers to our direct, wholly owned subsidiary, EPL Intermediate, Inc.;
- “EPL” or “El Pollo Loco” refers to El Pollo Loco, Inc., which does not have any subsidiaries and is Intermediate’s sole subsidiary;
- “Trimaran” refers to Trimaran Capital Partners, its predecessors and, where applicable, certain funds managed by Trimaran;
- “Freeman Spogli” refers to Freeman Spogli & Co. and, where applicable, certain funds managed by Freeman Spogli;
- “LLC” refers to Trimaran Pollo Partners, L.L.C., an affiliate of Trimaran and Freeman Spogli and our majority stockholder;
- “our restaurant system” refers to both company-operated and franchised restaurants, and the number of restaurants presented in our restaurant system, unless otherwise indicated, is as of September 24, 2014;
- “our restaurants” or results or statistics attributable to one or more restaurants without expressly identifying them as company-operated, franchised or the entire restaurant system, refers to our company-operated restaurants only;
- “system-wide sales” refers to restaurant-level sales for company-operated restaurants plus sales reported to us by our franchisees; and
- “El Pollo Loco” is Spanish for “The Crazy Chicken.”

We use a 52- or 53-week fiscal year ending on the last Wednesday of each calendar year. Fiscal 2011, fiscal 2012 and fiscal 2013 ended on December 28, 2011, December 26, 2012 and December 25, 2013, respectively.

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. Approximately every six or seven years a 53-week fiscal year occurs. Fiscal 2011, fiscal 2012 and fiscal 2013 were 52-week fiscal years. Fiscal 2014 is a 53-week fiscal year.

Comparable restaurant sales growth reflects the change in year-over-year sales for the comparable restaurant base. A restaurant enters our comparable restaurant base the first full week after its 15-month anniversary. System-wide comparable restaurant sales include restaurant sales at all comparable company-operated restaurants and at all

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comparable franchised restaurants, as reported by franchisees. While we do not record franchised restaurant sales as revenue, our royalty revenue is calculated based on a percentage of franchised restaurant sales.

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 the fiscal year by the total number of restaurant operating weeks during the same period. Second, we annualize that average weekly per-restaurant sales figure by multiplying it by 52. An operating week is defined as a restaurant open for business over a seven day period from Thursday to Wednesday. This measurement allows management to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

Restaurant contribution and restaurant contribution margin are neither required by, nor presented in accordance with, United States generally accepted accounting principles (“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 of our restaurants and our calculations thereof may not be comparable to those reported by other companies. Restaurant contribution and restaurant contribution margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Management believes that restaurant contribution and restaurant contribution margin are important tools for investors because they are widely-used metrics within 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 compared with our competitors. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of restaurant contribution and restaurant contribution margin and other key performance indicators.

The restaurant industry is divided into two segments: full service and limited service. Full service is comprised of the casual dining, mid-scale and fine dining sub-segments. Limited service is comprised of the quick-service restaurant (“QSR”) and fast casual sub-segments. “QSRs” are defined by Technomic as traditional “fast-food” restaurants with average check sizes of \$3.00 to \$8.00. “Fast casual” is defined by Technomic as a limited or self-service format with average check sizes of \$8.00 to \$12.00 that offers food prepared to order within a generally more upscale and developed establishment. We refer to ourselves as “QSR+” because we believe that we offer the food and dining experience of a fast-casual restaurant and also offer the speed, value and convenience of a QSR.

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Percentage amounts included in this prospectus have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this prospectus may vary from those obtained by performing the same calculations using the figures in our consolidated financial statements. Certain other amounts that appear in this prospectus may not sum due to rounding.

Unless otherwise indicated, the information presented in this prospectus assumes that the underwriters will not exercise their option to purchase additional shares.

Unless otherwise indicated, all references to “dollars” and “\$” in this prospectus are to, and amounts are presented in, U.S. dollars.

Unless otherwise indicated or the context otherwise requires, financial and operating data in this prospectus reflect the consolidated business and operations of Holdings and its subsidiaries.

Unless otherwise indicated, the information presented in this prospectus gives effect to an 8.56381-for-1 common stock split effected on July 14, 2014.

TRADEMARKS AND COPYRIGHTS

We own or have rights to trademarks or trade names that we use in connection with the operation of our business, including our corporate names, logos and website names. In addition, we own or have the rights to copyrights, trade secrets and other proprietary rights that protect the content of our products and the formulations for such products. Solely for convenience, some of the copyrights, trade names and trademarks referred to in this prospectus are listed without their ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our copyrights, trade names and trademarks.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and the consolidated financial statements and the notes to those statements included elsewhere in this prospectus. You should read the entire prospectus carefully, including the section entitled “Risk Factors” and our financial statements and the related notes included elsewhere in this prospectus, before making a decision to purchase shares of our common stock.

Our Company

It All Starts with Our Chicken

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 (“LSR”) segment. We believe we offer the quality of food typical of fast casual restaurants while providing the speed, convenience and value typical of traditional QSRs, a combination which we call “QSR+” and which 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. Every day in every restaurant’s kitchen we marinate and fire-grill our chicken over open flames, hand-slice whole tomatoes, avocados, serrano peppers and cilantro to make our salsas, guacamole and cilantro dressings from scratch. The open design of our kitchens reveals our Mexican-inspired cooking process and allows our customers to watch our Grill Masters and team members fire-grill and hand-cut our signature chicken, as well as make burritos, salads, tostadas, bowls, stuffed quesadillas and chicken entrees.

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, sides, and, throughout the year, on a limited-time basis, alternative proteins like shrimp, carnitas and beef. Our entrees include favorites such 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 freshly-prepared salsas and dressings are prepared daily allowing our customers to create their favorite flavor profiles to enhance their culinary experience. Our distinctive menu with healthier alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced composition of sales throughout the day (our “day-part mix”), including at lunch and dinner.

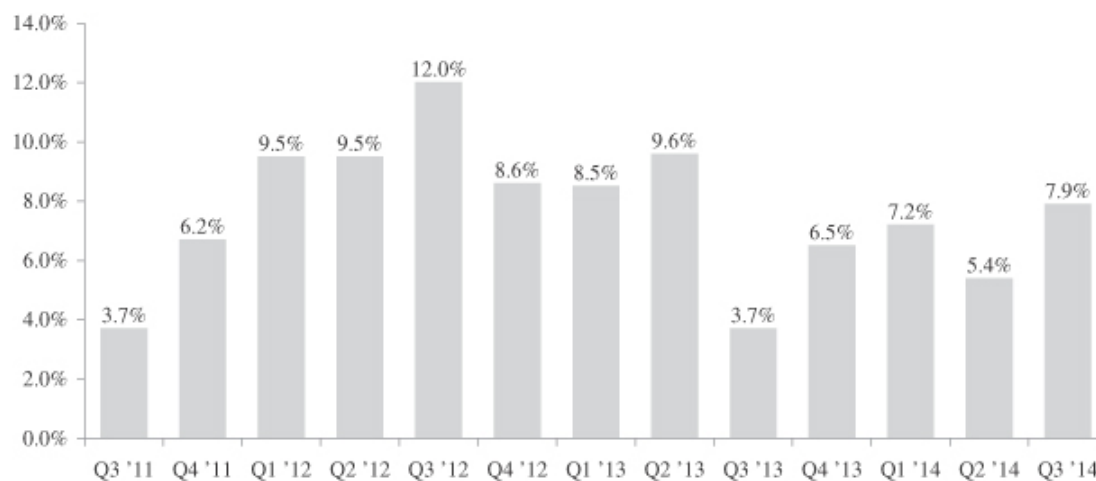
El Pollo Loco is Spanish for “The Crazy Chicken.” We opened our first location on Alvarado Street in Los Angeles, California in 1980, and have grown our restaurant system to 405 restaurants, comprised of 166 company-operated and 239 franchised restaurants as of September 24, 2014. Our restaurants are located in California, Arizona, Nevada, Texas and Utah. Our typical restaurant is a free-standing building with drive-thru service that ranges in size from 2,400 to 3,000 square feet with seating for approximately 70 people. Our restaurants generated company-operated restaurant revenue of \$294.3 million and \$238.4 million and system-wide sales of \$657.6 million and \$537.7 million, for the year ended December 25, 2013 and the thirty-nine weeks ended September 24, 2014, respectively.

We believe the quality of our food and dining experience and the affordable prices we offer our customers drive our operating results, as illustrated by the following:

- we achieved positive comparable restaurant sales growth in 13 consecutive quarters through our fiscal quarter ended September 24, 2014;
- our annual AUVs grew from \$1.5 million in 2011 to \$1.8 million in 2013;
- from 2011 to 2013, we increased our restaurant contribution margin for our company-operated restaurants by 230 basis points to 21.0%, and for the thirty-nine weeks ended September 24, 2014, we increased our restaurant contribution margin for our company-operated restaurants by 60 basis points to 21.8%, as compared to the thirty-nine weeks ended September 25, 2013; and

- from 2011 to 2013, we increased our total revenue by 15.2% to \$314.7 million, increased our Adjusted EBITDA (as defined under “— Summary Consolidated Financial and Other Data” below) by 39.2% to \$55.0 million, and decreased our net loss from \$32.5 million to \$16.9 million. Included in our net loss figures for 2011 and 2013 were expenses for early extinguishment of debt totaling \$20.2 million and \$21.5 million, respectively.

System-Wide Comparable Restaurant Sales Growth
13 Consecutive Quarters of Growth



Our Industry

According to Technomic, 2013 total sales increased 3.8% to \$193.3 billion for restaurants in the Technomic Top 500 categorized as LSRs— establishments where customers generally pay up-front for selected food items that generally cost between \$3.00 and \$12.00 and are later consumed on-premises, taken-out, or delivered. In 2013, the Mexican and chicken menu categories for LSRs in the Technomic Top 500 grew 6.8% and 4.6%, respectively, outpacing the broader LSR category. We operate within the broader LSR segment, and we believe that we offer the food and dining experience of a fast-casual restaurant and the speed, value and convenience of a QSR. We believe our value-oriented fast casual positioning best aligns with the overall growth characteristics of the fast-casual restaurants because we believe we offer the method of preparation, quality of food and dining experience typical of fast casual restaurants. According to Technomic, the fast casual sub-segment grew 11% in 2013, to \$27.1 billion in total sales. Technomic projects the total fast-casual sub-segment to grow to \$50 billion by 2017. We believe our differentiated menu, colorful, bright and contemporary restaurant environments and convenient locations position us to compete successfully against other fast-casual and QSR concepts, providing us with a large addressable market.

We believe we are also well positioned to benefit from a number of culinary and demographic trends in the United States. We expect that the trend towards healthier eating will attract and increase consumer demand for fresh and hand-prepared dishes, leading to a positive impact on our sales. Furthermore, as indicated by recent high growth in the Mexican restaurant segment, we expect to benefit from increased acceptance of Mexican food in the United States in the general market. Finally, we also anticipate benefits from the continued growth of the Hispanic population in the United States, which, according to the U.S. Census Bureau, has grown from 50.5 million people in 2009 to 53.0 million people in 2012, and is projected to reach 78.7 million in 2030. The growth of the Hispanic population is expected to outpace overall population growth, and the Hispanic population as a percentage of the total U.S. population is expected to increase from 16.3% in 2011 to 21.9% by 2030.

Our Competitive Strengths

Putting the “Loco” in El Pollo Loco

We believe the following strengths differentiate us from our competitors and serve as the foundation for our continued growth:

“Loco-ly” Differentiated Restaurant Concept with Broad Appeal. We believe our food, served in colorful, bright and contemporary restaurant environments at reasonable prices, positions us well to satisfy the needs of a large segment of time-pressured mainstream food enthusiasts who seek real food, real fast and at reasonable prices. We provide our customers with the opportunity to enjoy citrus-marinated fire-grilled chicken and Mexican-inspired entrees containing distinctive ingredients such as avocados, mangos and Serrano peppers at price points that appeal to a broad consumer base. Our per-person spend of approximately \$5.83 for the year ended December 25, 2013, is competitive not only within the fast-casual segment, but also within the QSR segment. We prepare our entrees to order in approximately four minutes and allow our customers the option to create their favorite flavor profiles using our freshly-prepared salsas before they enjoy their meal in one of our dining rooms or take their meals to go from the counter or the drive-thru. We also believe that our concept, which integrates the complexity of creating real food in real kitchens with the speed of our service model and the skill of our trained and certified Grill Masters, provides a layer of competitive insulation around our restaurant model. We refer to “real food” herein as food that is minimally processed and maintains its integrity, such as our salsas that are prepared with fresh whole tomatoes, peppers and cilantro. We refer to “real kitchens” herein as kitchens that generally prepare food from scratch and cook raw ingredients into meals, as opposed to re-heating pre-processed food. Based on an external research report and a customer satisfaction survey, we believe our positioning appeals to a broad customer base, and that our brand crosses over traditional age, ethnic and income demographics; giving today’s consumers the best of both the fast casual dining and QSR segments. Our differentiated QSR+ positioning sources traffic from both dining segments and as a result continues to fuel our organic transaction growth.

Mexican-Inspired, Fresh-Made “Crazy You Can Taste” Fire-Grilled Chicken and Entrees. Our signature product is our chicken marinated with a proprietary recipe of citrus, garlic and spices, which serves as the foundation of our distinctive menu of flavorful bone-in chicken meals and Mexican-inspired entrees. With menu items such as our Chicken Avocado Burrito, Chicken Tostada Salad, Pollo Bowl and Chicken Avocado Stuffed Quesadilla, we believe we offer our customers a healthier alternative to traditional food on-the-go. Our entrees are prepared using fresh ingredients in recipes inspired by Mexican cuisine. The majority of our menu items are made from scratch, including our bone-in chicken and chicken breasts, rice, salsas, guacamole and cilantro dressing, meaning that we make them without pre-prepared ingredients. These items start with our chicken, which is marinated in our restaurants daily. From there, our Grill Masters fire-grill and hand-chop our chicken, forming the foundation of our entrees. To complement our entrees, our team members slice whole tomatoes, avocados, serrano peppers and cilantro to create our salsas, guacamole and cilantro dressings. In addition, our rice is sautéed, seasoned and simmered in our restaurants daily. Our salsas and dressings complement our recipes and allow our customers to enhance their culinary experience with customized flavor profiles.

Our strategic approach to menu design has resulted in a balanced menu with broad appeal, as demonstrated by our balanced day-part mix. Our bone-in chicken meals and Mexican-inspired entrees accounted for 47% and 53% of our company-operated restaurant sales, respectively, for the year ended December 25, 2013. Our individual and family-sized chicken meals appeal to customers looking to dine at the restaurant or take out during dinner time, while our more-portable Mexican-inspired entrees draw traffic from customers at lunch time or for an afternoon snack, enabling us to generate sales almost equally between lunch and dinner. We believe our family-sized chicken meals provide a healthier and convenient alternative for mothers and families looking to solve the “dinnertime dilemma” of providing their families with high-quality meals without investing significant time or money. For the year ended December 25, 2013 approximately 28% of our company-operated sales were generated from family-sized meals.

Inviting Experience That Welcomes Our Customers. We believe our new Hacienda restaurant design creates an inviting restaurant environment. The exteriors of our restaurants feature a signature grill architectural element

that reinforces our core brand, and our interiors feature large, open kitchens that allow customers to watch our Grill Masters prepare our fire-grilled chicken. Our restaurants also feature complimentary self-serve salsa bars that are located at the front of our restaurants for added convenience. The salsa bar invites customers to customize their meals with several salsas prepared fresh every day. Our colorful and contemporary dining rooms include both comfortable booths and chairs, while large windows and soft lighting fill our restaurants with light and warmth. Our customers are responding positively to our new Hacienda design, as comparable restaurant sales have increased on average an additional 3% at remodeled locations. We expect to have remodeled over 50% of our restaurant system by the end of 2014 and to have completed the remodeling program by 2018.

We believe the atmosphere and quality of service we provide our customers encourages repeat visits and brand advocacy and drives increased sales. Our team members are trained to engage with our customers in a genuine way to provide a personalized experience and strive to make each experience in our restaurant better than the last.

Well-Developed Operations Infrastructure that Allows for Real-time Control, Fast Feedback and Innovation. We believe satisfying our customers' dining needs is the foundation of our business and we have a well-developed operations platform that allows us to measure our performance in meeting and exceeding those needs. We utilize a state-of-the-art operations dashboard that aggregates real-time, restaurant level information from nearly every aspect of our business. The dashboard provides corporate and field management, as well as restaurant-level operators, insight into how we are performing both from the customer's perspective but also through the eyes of experienced internal auditors. To put the metrics into perspective, we are able to measure current performance against benchmarks derived from a broad selection of fast casual and QSR brands. At the restaurant level, we use sophisticated technology to constantly monitor key operational data regarding sales performance, speed of service metrics, and food and labor cost controls. The intelligence provided by our operations infrastructure allows both our company-operated and our franchised restaurant managers to make rapid and objective decisions to maintain our standards for food and service.

Developing High AUVs and Strong Unit Economics One Chicken at a Time. We believe our differentiated QSR+ positioning drives restaurant operating results that are competitive with other leading restaurant concepts in both the fast-casual and QSR industry segments. We believe our restaurant model is designed to generate strong cash flow, consistent restaurant-level financial results and high returns on invested capital. For the year ended December 25, 2013, our company-operated restaurants generated an average annual sales per restaurant of approximately \$1.8 million and restaurant level contribution margins of 21.0%.

Experienced Leadership. Our senior management team has extensive operating experience, with an average of over 20 years of experience each in the restaurant industry. We are led by our Chief Executive Officer, Steve Sather, who joined us in 2006. Since naming Steve our CEO in January 2011, we have further enhanced our senior leadership team by adding Larry Roberts as our Chief Financial Officer, Ed Valle as our Chief Marketing Officer and Kay Bogeajis as our Chief Operating Officer. Under Steve's direction, the team has added new layers of revenue through menu innovation, as well as redefined our marketing strategy and enhanced the customer experience. These initiatives have resulted in comparable restaurant sales growth that has outperformed both the QSR and the fast casual segments in each of the past 13 quarters. We believe our senior management team is a key driver of our success and has positioned us well for long-term growth.

Our Growth Strategy

This Bird is "En Fuego"

We believe we are well-positioned to take advantage of significant growth opportunities because of our differentiated QSR+ positioning, signature fire-grilled chicken, disciplined business model and strong unit economics. We plan to continue to expand our business and drive restaurant sales growth, improve margins and enhance our competitive positioning by executing on the following strategies:

Expand Our Restaurant Base. We believe we are in the early stages of our growth story with 405 current locations in five states, as of September 24, 2014, and estimate, based on internal analysis and a study prepared

by Buxton Co., a long-term total restaurant potential in the United States of approximately 2,300 locations. For the year ended December 25, 2013, we opened two new company-operated and five new franchised restaurants, and in 2014 we intend to open ten to eleven new company-operated and four new franchised restaurants across California, Nevada and Texas. Over the long term, we plan to grow the number of El Pollo Loco restaurants by 8% to 10% annually. There is no guarantee that we will be able to increase the number of our restaurants. We may be unsuccessful in expanding within our existing or into new markets for a variety of reasons described herein under “Risk Factors” below, including competition for customers, sites, franchisees, employees, licenses and financing.

We believe our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results and high returns on invested capital. Our current investment model targets an average new unit cash investment of \$1,400,000, net of tenant allowances, an AUV of approximately \$1.8 million and a cash-on-cash return in excess of 25% in a restaurant’s third full year of operations, although there is no guarantee that these targets will be met. We closed six restaurants in 2011, did not close any in 2012, closed three in 2013, and have closed one in 2014 to date. We did not open any new restaurants in 2011, but opened four in 2012, two in 2013, and eight in 2014 to date. For the year ended December 25, 2013, the new restaurants opened in 2012 and 2013 had weekly AUVs averaging \$33,900 and annualized cash-on-cash returns of over 25%. For the period from December 26, 2013 through September 24, 2014, they had weekly AUVs averaging \$35,740 and annualized cash-on-cash returns of 34%. While most of our growth in 2014 has been derived from the expansion of our company-operated restaurant base, we will continue to strategically develop our franchisee relationships and grow our franchised portfolio within existing and new markets. For example, during July and August of 2014, we entered into exclusive franchise development agreements with AA Pollo, Inc. and the owners thereof (“AA Pollo”) for eight restaurants in the greater San Antonio area and twelve restaurants in the Houston area, and in September 2014 we completed the sale of six company-operated restaurants in the greater San Antonio area to AA Pollo, as a franchisee. We view our franchise program as an important tool for expanding the brand that allows us to increase our restaurant penetration.

In our existing markets, where we believe we possess strong brand awareness and a loyal following, we have identified over 325 potential new trade areas for restaurant development. As we continue to increase and strengthen our position in our core markets, we also intend to expand our presence into key, contiguous new markets. We believe a contiguous market expansion strategy will provide us with an attractive opportunity to leverage our brand awareness and infrastructure while increasing our geographic presence. After thoroughly researching potential new markets in the Southwest region, we have selected Houston, Texas as our next new market. In Houston, we have identified an initial 80 trade areas for potential restaurant development by us or our franchisees over the next several years, and we believe that there are additional development opportunities beyond this. In furtherance of this strategy, in August 2014 we entered into an exclusive franchise development agreement with AA Pollo for twelve restaurants in the Houston area and on October 6, 2014 we opened our first location in Houston.

Increase Our Comparable Restaurant Sales. Our system has experienced 13 straight quarters of comparable restaurant sales growth through our fiscal quarter ended September 24, 2014. We aim to build on this momentum by increasing customer frequency, attracting new customers and improving per person spend. Furthermore, we are well positioned to benefit from shifting culinary and demographic trends in the United States.

Menu Strategy and Evolution. We will continue to adapt our menu to create entrees that complement our signature fire-grilled chicken and that reinforce our differentiated QSR+ positioning. We believe we have opportunities for menu innovation as we look to provide customers more choices through customization and limited time alternative proteins, such as carne asada. In addition, we will continue to tap in to the need for healthier offerings by building on the success of our recently launched “Under 500 Calorie” menu and other “better for you” products. Our marketing and operations teams collaborate to ensure that the items developed in our test kitchen can be executed to our high standards in our restaurants with the speed and value that our customers have come to expect.

Increase Brand Awareness and Consumer Engagement. We engage consumers through our 10-module product calendar which features seasonal favorites from our “Under 500 Calorie” low calorie menu for New Year’s resolutions to Signature Salads in Spring, and carnitas for the winter holiday season. Our key points of differentiation are communicated through our new advertising campaign “Crazy You Can Taste,” which highlights the lengths we go through to deliver real food throughout the year. We tailor our message from television and direct mail, which garners broad exposure, to our cost effective e-mail marketing program My Loco Rewards and social media platform where we engage in one-on-one conversation to solicit new ideas and deepen the relationship between our customers and our brand. Within our restaurants we continue to engage our customers at various points along their path to purchase to further drive our differentiation. We believe our messaging and communication channels work synergistically and have resulted in a 9% increase in new and lapsed users from 2012 to 2014. These new and lapsed users now account for approximately 15% of total visits.

Hacienda Remodel Program. In 2011, we launched our new Hacienda remodeling program, which has resulted on average in an additional 3% comparable restaurant sales for remodeled restaurants. The redesigned Hacienda restaurants highlight our roots, while offering a more modern feel and upscale dining experience. We and our franchisees have remodeled 197 restaurants as of September 24, 2014. We expect to have remodeled over 50% of our restaurant system by the end of 2014 and to have completed the remodeling program by 2018.

Enhance Restaurant Operations and Leverage Our Infrastructure. Since 2011, we have increased our restaurant contribution margin by 310 basis points, to 21.8% for the thirty-nine weeks ended September 24, 2014. We believe we can further improve our margins by maintaining fiscal discipline, increasing fixed-cost leverage and enhancing our purchasing efforts. We currently have an infrastructure that allows us and our franchisee partners to grow and manage the productivity of each restaurant on a real-time basis. Additionally, we believe, as our restaurant base matures and AUVs increase, we will be able to leverage corporate costs and improve margins, as general and administrative expenses grow at a slower rate than our revenues.

Recent Developments

On November 5, 2014, EPL entered into a commitment letter with Bank of America, N.A., as Administrative Agent, Wells Fargo Bank, N.A., as Syndication Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as joint lead arrangers and joint book runners (the “Joint Lead Arrangers”), which provides that the Joint Lead Arrangers will use their commercially reasonable efforts to form a syndicate of lenders to extend in aggregate financing of \$200,000,000 in the form of a senior secured revolving facility (the “New Senior Credit Facility”). This New Senior Credit Facility will include a sub-limit of \$15,000,000 for the issuance of standby letters of credit and a sub-limit of \$15,000,000 for swing line loans. The closing of the New Senior Credit Facility is subject to, among other customary conditions, the negotiation and execution of definitive documents relating thereto.

We expect to enter into the New Senior Credit Facility documents with a syndicate of lenders including Bank of America, N.A., and Wells Fargo Bank, N.A. The New Senior Credit Facility will expire on the fifth anniversary of the date of execution of definitive loan documentation (the “Closing Date”), and any outstanding principal amounts, together with interest accrued thereon, will be due in full on that date. The proceeds of the New Senior Credit Facility will be used (a) to refinance and terminate EPL’s existing credit facility, and (b) for working capital, capital expenditures, permitted acquisitions and other lawful corporate purposes. We anticipate that we will incur an extinguishment of debt charge of approximately \$4.8 million in connection with our entry into the New Senior Credit Facility, consisting of approximately \$4.0 million of deferred financing costs and approximately \$0.8 million of unamortized discount.

The borrowings under the New Senior Credit Facility (other than any swing line loans) will bear interest rates per annum equal to, at EPL’s option, either (i) LIBOR plus the Applicable Margin for LIBOR loans, or (ii) the Base Rate. The Base Rate will be calculated as the highest of (a) the Federal Funds Rate plus ½ of 1.0%, (b) the Bank of America prime rate and (c) LIBOR plus 1.0%, plus Applicable Margin for the Base Rate loans.

Applicable Margin will be calculated based on a pricing grid that will in each case be linked to the Lease Adjusted Consolidated Leverage Ratio. We anticipate, for Eurodollar Rate Loans, Applicable Margin will be in the range of 1.75% to 2.5%, and for Base Rate loans it will be between 0.75% and 1.5%. The Applicable Margin is anticipated to be initially set at 2.0% for Eurodollar Rate Loans or at 1.0% for Base Rate Loans until the delivery of financial statements and a compliance certificate for the period ending on or about March 31, 2015. Borrowings under our existing Revolving Credit Facility bear interest at rates per annum equal to 4.25% *plus* the greater of LIBOR or 1.0%.

The New Senior Credit Facility will be secured by a first priority lien on substantially all of the assets of EPL, the Company and Intermediate (including a pledge of all of the capital stock and equity interests of EPL and Intermediate). In addition, the New Secured Facility will be guaranteed by the Company and Intermediate.

The New Senior Credit Facility will require us to comply with customary affirmative, negative and financial covenants, including, without limitation, those limiting, subject to certain exceptions, the Company and its subsidiaries' 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 its lines of business or fiscal year. In addition, it is anticipated that the terms of the New Senior Credit Facility will require the Company to initially maintain, on a consolidated basis, a minimum lease adjusted consolidated leverage ratio of 5.25:1 (with step downs in such ratio to be agreed in the definitive documentation) and a minimum fixed charge coverage ratio of 1.75:1 (the definition of such terms will be as agreed in the definitive documentation).

There can be no assurance that we will enter into the New Senior Credit Facility on the terms described above or at all, and the closing of this offering is not conditioned on our entering into the New Senior Credit Facility.

Corporate and Other Information

Our executive offices are located at 3535 Harbor Blvd., Suite 100, Costa Mesa, California 92626 and our telephone number is (714) 599-5000. Our internet website address is www.elpolloloco.com. Information on, or accessible through, our website is not part of or incorporated into this prospectus or the registration statement to which it forms a part.

Implications of Being an Emerging Growth Company

As a company with less than \$1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company," as defined in the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, among other things:

- we may present only two years of audited financial statements and only two years of related disclosure in our "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements;
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements; and
- we are not required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements.

We may take advantage of these provisions for up to five years or until such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company if we have more than \$1.0 billion in annual revenue, have more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt securities over a three-year period. We may choose to take advantage of some but not all of these reduced burdens. In addition, the JOBS Act provides that an emerging growth company 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 emerging growth companies.

ORGANIZATIONAL STRUCTURE

The following chart illustrates our organizational structure upon completion of this offering (assuming no exercise of the underwriters' option to purchase additional shares of our common stock from the selling stockholders)⁽¹⁾:



(1) Does not include any outstanding stock options or shares reserved for issuance under our equity incentive plan, other than those stock options to be exercised by the selling stockholders in connection with this offering.

Principal Investors

Trimaran is a private asset management firm, headquartered in New York. Since 1995, Trimaran has completed over 60 private equity investments totaling over \$1.3 billion of equity capital, including investments in the manufacturing, health care, restaurant, retail, education, media, financial services and utilities sectors. Following the completion of this offering, Trimaran will beneficially own, through LLC, approximately 35.7% of our outstanding common stock, or 34.6% if the underwriters fully exercise their option to purchase additional shares.

Freeman Spogli is a private equity firm dedicated exclusively to investing and partnering with management in consumer-related and distribution companies in the United States. Since its founding in 1983, Freeman Spogli has invested \$3.3 billion of equity in 50 portfolio companies with aggregate transaction values of \$20 billion. Following the completion of this offering, Freeman Spogli will beneficially own, through LLC, approximately 20.5% of our outstanding common stock, or 19.8% if the underwriters fully exercise their option to purchase additional shares.

Trimaran and Freeman Spogli engage in a range of investing activities, including investments in restaurants and other consumer-related companies in particular. In the ordinary course of their business activities, Trimaran and Freeman Spogli may engage in activities where their interests conflict with our interests or those of our stockholders. See “Risk Factors—The interests of Trimaran and Freeman Spogli may conflict with ours or yours in the future.”

In connection with our initial public offering (the “IPO”), we entered into an income tax receivable agreement with our existing stockholders. As of September 24, 2014, we have an accrued payable related to this agreement of approximately \$40 million.

THE OFFERING

Shares of common stock offered by the selling stockholders	6,000,000 shares (or 6,900,000 shares if the underwriters exercise their option to purchase additional shares in full).
Option to purchase additional shares	The selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to 900,000 additional shares of common stock.
Shares of common stock to be issued and outstanding after this offering	37,254,265 shares.
Use of proceeds	The selling stockholders will receive all of the proceeds, after deducting underwriting discounts, from this offering. We will not receive any proceeds from this offering.
Dividend policy	<p>We do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future, if any, will be used for the operation and growth of our business.</p> <p>Any future determination to pay dividends on our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial position, results of operations, liquidity, legal requirements and restrictions imposed by our senior secured credit facilities. See “Dividend Policy” and “Risk Factors—We do not anticipate paying any dividends on our common stock in the foreseeable future.”</p>
Risk factors	Investment in our common stock involves substantial risks. Please read this prospectus carefully, including the section entitled “Risk Factors” and the consolidated financial statements and the related notes to those statements included elsewhere in this prospectus before deciding to invest in our common stock.
NASDAQ symbol	“LOCO”

The number of shares of our common stock to be issued and outstanding after the completion of this offering is based on 36,948,887 shares of our common stock issued and outstanding as of November 14, 2014 and an additional 305,378 shares to be issued upon exercise of stock options by certain of the selling stockholders in connection with this offering but excludes an additional 4,077,791 shares reserved for issuance under our equity incentive plan.

Except as otherwise indicated, all information in this prospectus gives effect to an 8.56381-for-1 common stock split effected on July 14, 2014.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table contains summary historical consolidated historical financial and other data as of and for the fiscal years ended December 25, 2013 and December 26, 2012, derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statement of operations and cash flow data set forth below for the year ended December 28, 2011, are derived from audited consolidated financial statements of ours not included in this prospectus. The summary consolidated statements of operations and cash flow data for the thirty-nine weeks ended September 24, 2014, and September 25, 2013, and the consolidated balance sheet data as of September 24, 2014, have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Results from interim periods are not necessarily indicative of results that may be expected for the entire year. The information below is only a summary and should be read in conjunction with the information contained under the headings “Use of Proceeds,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” and in our audited consolidated financial statements and the related notes included elsewhere in this prospectus.

	Thirty-Nine Weeks Ended		Fiscal Year Ended ⁽¹⁾		
	September 24, 2014	September 25, 2013	2013	2012	2011
(Amounts in thousands, except per share data)					
Statement of Operations Data:					
Revenue					
Company-operated restaurant revenue	\$ 238,432	\$ 223,059	\$ 294,327	\$ 274,928	\$ 255,361
Franchise revenue	16,456	15,430	20,400	18,682	17,877
Total revenue	254,888	238,489	314,727	293,610	273,238
Cost of operations					
Food and paper costs	75,834	70,608	93,589	85,428	78,873
Labor and related expenses	59,552	57,260	75,669	73,406	69,584
Occupancy and other operating expenses	51,091	47,791	63,150	61,636	59,269
Company restaurant expenses	186,477	175,659	232,408	220,470	207,726
General and administrative expenses	20,974	18,754	25,506	24,451	22,828
Franchise expenses	2,827	2,930	3,841	3,647	3,862
Depreciation and amortization	8,271	7,570	10,213	9,530	9,615
Loss on disposal of assets	609	734	868	966	197
Asset impairment and close-store reserves	415	126	(101)	1,494	2,014
Total expenses	219,573	205,773	272,735	260,558	246,242
Gain on sale of restaurant	2,658	—	400	—	—
Income from operations	37,973	32,716	42,392	33,052	26,996
Interest expense, net	15,286	29,443	36,334	38,890	37,715
Early extinguishment of debt	5,082	—	21,530	—	20,173
Income tax receivable agreement expense	40,119	—	—	—	—
Income (loss) before benefit (provision) for income taxes	(22,514)	3,273	(15,472)	(5,838)	(30,892)
Benefit (provision) for income taxes	60,402	(2,005)	(1,401)	(2,027)	(1,579)
Net income (loss)	\$ 37,888	\$ 1,268	\$ (16,873)	\$ (7,865)	\$ (32,471)
Per Share Data:					
Net income (loss) per share					
Basic	\$ 1.24	\$ 0.04	\$ (0.59)	\$ (0.27)	\$ (1.35)
Diluted	\$ 1.13	\$ 0.04	\$ (0.59)	\$ (0.27)	\$ (1.35)
Weighted average shares used in computing net income (loss) per share					
Basic	30,549,979	28,712,622	28,712,622	28,712,194	24,106,380
Diluted	33,499,820	29,564,795	28,712,622	28,712,194	24,106,380
Consolidated Statement of Cash Flows Data:					
Net cash provided by operating activities	\$ 29,842	\$ 12,528	\$ 19,700	\$ 19,409	\$ 6,454
Net cash used in investing activities	(13,979)	(10,154)	(13,787)	(14,993)	(3,709)
Net cash provided by (used in) financing activities	8,947	(1,443)	(10,385)	(1,920)	(6,469)

	As of September 24, 2014
Balance Sheet Data—Consolidated (at period end):	
Cash and cash equivalents	\$ 41,825
Net property(2)	79,806
Total assets	477,025
Total debt(3)	188,720
Total stockholders' equity	\$ 199,332

	Thirty-Nine Weeks Ended		Fiscal Year Ended(1)		
	September 24, 2014	September 25, 2013	2013	2012	2011
(Dollar amounts in thousands, except per share data)					
Other Operating Data:					
Number of restaurants					
Company-operated	166	168	168	169	165
Franchised	239	231	233	229	229
System-wide	405	399	401	398	394
Comparable restaurant sales growth(4)					
Company-operated	5.6%	5.2%	5.3%	8.6%	1.9%
Franchised	7.7%	9.1%	8.8%	11.0%	0.8%
System-wide	6.8%	7.2%	7.0%	9.9%	1.3%
Restaurant contribution(5)	\$ 51,955	\$ 47,400	\$61,919	\$54,458	\$47,635
as a percentage of restaurant revenue	21.8%	21.2%	21.0%	19.8%	18.7%
EBITDA(6)	\$ 1,043	\$ 40,286	\$31,075	\$42,582	\$16,438
Adjusted EBITDA(6)	\$ 46,577	\$ 42,000	\$55,019	\$46,834	\$39,536
as a percentage of revenue	18.3%	17.6%	17.5%	16.0%	14.5%
Capital expenditures(7)	\$ 19,414	\$ 10,169	\$13,822	\$14,993	\$ 3,718

- (1) We use a 52- or 53-week fiscal year ending on the last Wednesday of each calendar year. Fiscal 2013, fiscal 2012 and fiscal 2011 ended on December 25, 2013, December 26, 2012 and December 28, 2011, respectively. 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. Approximately every six or seven years a 53-week fiscal year occurs. Fiscal 2013, fiscal 2012 and fiscal 2011 were 52-week fiscal years.
- (2) Net property consists of property owned, net of accumulated depreciation and amortization.
- (3) Total debt consists of borrowings under our First Lien Credit Agreement (as defined under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt and Other Obligations—Senior Secured Credit Facilities") (the "Senior Credit Facilities") and capital lease obligations.
- (4) Comparable restaurant sales growth reflects the change in year-over-year sales for the comparable restaurant base. A restaurant enters our comparable restaurant base the first full week after its 15-month anniversary. System-wide comparable restaurant sales include restaurant sales at all comparable company-operated and at all comparable franchised restaurants, as reported by franchisees. While we do not record franchised restaurant sales as revenue, our royalty revenue is calculated based on a percentage of franchised restaurant sales.
- (5) Restaurant contribution is neither required by, nor presented in accordance with, GAAP, and is defined as company-operated restaurant revenue less company-operated restaurant expenses. Restaurant contribution is a supplemental measure of operating performance of our restaurants and our calculation thereof may not be comparable to that reported by other companies. Restaurant contribution has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Management believes that restaurant contribution is an important tool for investors because it is a widely-used metric within the restaurant industry to evaluate restaurant-level productivity, efficiency and performance. Management uses restaurant contribution as a key metric to evaluate the profitability of incremental sales at our restaurants, to evaluate our restaurant performance across periods and to evaluate our restaurant financial performance compared with our competitors. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of restaurant contribution and other key performance indicators.

A reconciliation of restaurant contribution to company-operated restaurant revenue is provided below:

	Thirty-Nine Weeks Ended		Fiscal Year Ended		
	September 24, 2014	September 25, 2013	2013	2012	2011
(Amounts in thousands)					
Company-operated restaurant revenue	\$ 238,432	\$ 223,059	\$ 294,327	\$ 274,928	\$ 255,361
Company restaurant expenses	(186,477)	(175,659)	(232,408)	(220,470)	(207,726)
Restaurant contribution	\$ 51,955	\$ 47,400	\$ 61,919	\$ 54,458	\$ 47,635

- (6) EBITDA represents net income (loss) before interest expense, benefit (provision) for income taxes, depreciation and amortization. Adjusted EBITDA represents net income (loss) before interest expense, benefit (provision) 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.

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EBITDA and Adjusted EBITDA as presented in this prospectus are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as a measure of our liquidity. 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 limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. 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, or the cash requirements necessary to service interest or principal payments, on our debt, (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such 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 do not reflect the impact of earnings or charges resulting from matters we consider not 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 providing specific information regarding the GAAP amounts excluded from such non-GAAP financial measures. We further compensate for the limitations in our use of non-GAAP financial measures by presenting comparable GAAP measures more prominently.

We believe EBITDA and Adjusted EBITDA facilitate operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present EBITDA and Adjusted EBITDA because (i) we believe these measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use EBITDA and Adjusted EBITDA internally as benchmarks to evaluate our operating performance or compare our performance to that of our competitors.

The following table sets forth reconciliations of EBITDA and Adjusted EBITDA to our net income (loss):

	Thirty-Nine Weeks Ended		Fiscal Year Ended		
	September 24, 2014	September 25, 2013	2013	2012	2011
	(Amounts in thousands)				
Net income (loss)	\$ 37,888	\$ 1,268	\$ (16,873)	\$ (7,865)	\$ (32,471)
Non-GAAP adjustments:					
(Benefit) provision for income taxes	(60,402)	2,005	1,401	2,027	1,579
Interest expense, net	15,286	29,443	36,334	38,890	37,715
Depreciation and amortization	8,271	7,570	10,213	9,530	9,615
EBITDA	\$ 1,043	\$ 40,286	\$ 31,075	\$ 42,582	\$ 16,438
Stock based compensation expense(a)	635	191	822	860	40
Management fees(b)	343	465	624	612	674
Loss on disposal of assets(c)	609	734	868	966	197
Impairment and closures(d)	415	126	(101)	1,494	2,014
Debt extinguishment expense(e)	5,082	—	21,530	—	20,173
Gain on sale of restaurants(f)	(2,658)	—	—	—	—
Income tax receivable expense(g)	40,119	—	—	—	—
Tax credit expense(h)	316	—	—	—	—
Pre-opening costs(i)	673	198	201	320	—
Adjusted EBITDA	\$ 46,577	\$ 42,000	\$ 55,019	\$ 46,834	\$ 39,536

(a) Includes non-cash, stock-based compensation.

(b) Includes management fees and other out-of-pocket costs paid to affiliates of Trimaran and Freeman Spogli.

(c) Loss on disposal of assets includes the loss on disposal of assets related to retirements and replacement or write-off of leasehold improvements or equipment.

(d) Includes costs related to impairment of long-lived assets and closing restaurants. In 2013, we reversed a portion of the close-store reserves established in 2012, due to our subleasing, in 2013, of one of the reserved restaurants at a lower net cost than originally estimated.

(e) Includes costs associated with our debt refinancing transactions in July 2011 and October 2013 and the repayment of our Second Lien Term Loan (as defined under “—Liquidity and Capital Resources—Debt and Other Obligations—Senior Secured Credit Facilities”) with the proceeds of our IPO in July 2014.

(f) On September 24, 2014, we completed an agreement to sell six company-operated restaurants in the greater San Antonio area. This sale resulted in cash proceeds of \$5.4 million, a decrement to goodwill of \$650,000 and a net gain of \$2.7 million. These six restaurants will now be franchised.

(g) On July 30, 2014, we entered into an income tax receivable agreement. This agreement 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.

(h) Consists of the cost to obtain the tax credits recorded in the third quarter of 2014. \$5.4 million of tax benefits were recorded to tax provision in the quarter.

(i) 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 date of possession and opening date of our restaurants.

(7) Capital expenditures consist of cash paid related to new restaurant construction, the remodel and maintenance of existing restaurants and other corporate expenditures.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as other information contained in this prospectus, including our financial statements and related notes to those statements, before deciding to invest in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and cash flow, in which case the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business and Industry

The recent economic crisis adversely impacted our business and financial results and a prolonged economic downturn could materially affect us in the future.

The restaurant industry is dependent upon consumer discretionary spending. The recession from late 2007 to mid-2009 reduced consumer confidence to historic lows, impacting the public's ability and desire to spend discretionary dollars as a result of job losses, home foreclosures, significantly reduced home values, investment losses, bankruptcies and reduced access to credit, resulting in lower levels of customer traffic and lower average check sizes in our restaurants. As a result, our losses during the economic crisis increased significantly due, to a large extent, to lower revenues and impairment charges. If the economy experiences another significant decline, our business, results of operations and ability to comply with the terms of our senior secured credit facilities could be materially adversely affected and may result in a deceleration of the number and timing of new restaurant openings by us and our franchisees. Deterioration in customer traffic or a reduction in average check size would negatively impact our revenues and our profitability and could result in further reductions in staff levels, additional impairment charges and potential restaurant closures.

We are vulnerable to changes in consumer preferences and economic conditions that could harm our business, financial condition, results of operations and cash flow.

Food service businesses depend on consumer discretionary spending and are often affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. Factors such as traffic patterns, weather, fuel prices, local demographics and the type, number and locations of competing restaurants may adversely affect the performances of individual locations. In addition, economic downturns, inflation or increased food or energy costs could harm the restaurant industry in general and our locations in particular. Adverse changes in any of these factors could reduce consumer traffic or impose practical limits on pricing that could harm our business, financial condition, results of operations and cash flow. There can be no assurance that consumers will continue to regard chicken-based or Mexican-inspired food favorably or that we will be able to develop new products that appeal to consumer preferences. Our business, financial condition and results of operations depend in part on our ability to anticipate, identify and respond to changing consumer preferences and economic conditions.

Our business is geographically concentrated in the greater Los Angeles area, and we could be negatively affected by conditions specific to that region.

Our company-operated and franchised restaurants in the greater Los Angeles area generated, in the aggregate, approximately 80% of our revenue in fiscal 2013 and approximately 81% in fiscal 2012. During the recent economic crisis and recession, our business was materially adversely affected by a significant decrease in revenues from these restaurants due to adverse economic conditions in Southern California, including declining home prices and increased foreclosures. Adverse changes in demographic, unemployment, economic or regulatory conditions in the greater Los Angeles area or the State of California, including but not limited to enforcement policies for and changes in immigration law, have had and may continue to have material adverse effects on our business. As of September 2014, unemployment in California was 7.3% compared to the U.S. unemployment rate of 5.9%. We believe increases in unemployment will have a negative impact on traffic in our restaurants. As a result of our concentration in this market, we have been disproportionately affected by these adverse economic conditions compared to other national chain restaurants.

Furthermore, prolonged or severe inclement weather could affect our sales at restaurants in locations that experience such conditions, which could materially adversely affect our business, financial condition or results of

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operations. It is possible that weather conditions may impact our business more than other businesses in our industry because of our significant concentration of restaurants in the greater Los Angeles area. We may also suffer unexpected losses resulting from natural disasters or other catastrophic events affecting these areas, such as earthquakes, fires, droughts, local strikes, terrorist attacks, increases in energy prices, explosions, or other natural or man-made disasters. The incidence and severity of catastrophes are inherently unpredictable and our losses from catastrophes could be substantial.

Our growth strategy depends in part on opening new restaurants in existing and new markets and expanding our franchise system. We may be unsuccessful in opening new company-operated or franchised restaurants or establishing new markets, which could adversely affect our growth.

One of the key means to achieving our growth strategy will be through opening new restaurants and operating those restaurants on a profitable basis. We opened two new restaurants in fiscal 2013 and plan to open an estimated ten to eleven new company operated restaurants in fiscal 2014, of which eight have opened to date. Our franchisees opened five new restaurants in fiscal 2013 and plan to open four in fiscal 2014. Our ability to open new restaurants is dependent upon a number of factors, many of which are beyond our control, including our or our franchisees' ability to:

- identify available and suitable restaurant sites;
- compete for restaurant sites;
- reach acceptable agreements regarding the lease or purchase of locations;
- obtain or have available the financing required to acquire and operate a restaurant, including construction and opening costs;
- respond to unforeseen engineering or environmental problems with leased premises;
- avoid the impact of inclement weather, natural disasters and other calamities;
- hire, train and retain the skilled management and other employees necessary to meet staffing needs;
- obtain, in a timely manner and for an acceptable cost, required licenses, permits and regulatory approvals and respond effectively to any changes in local, state or federal law and regulations that adversely affect our and our franchisees' costs or ability to open new restaurants; and
- control construction and equipment cost increases for new restaurants.

There is no guarantee that a sufficient number of suitable restaurant sites will be available in desirable areas or on terms that are acceptable to us in order to achieve our growth plan. If we are unable to open new restaurants or sign new franchisees, or if restaurant openings are significantly delayed, our earnings or revenue growth could be adversely affected and our business negatively affected as we expect a portion of our growth to come from new locations.

As part of our longer term growth strategy, we may enter into geographic markets in which we have little or no prior operating or franchising experience through company-operated restaurant growth and through franchise development agreements. The challenges of entering new markets include: difficulties in hiring experienced personnel; unfamiliarity with local real estate markets and demographics; consumer unfamiliarity with our brand; and different competitive and economic conditions, consumer tastes and discretionary spending patterns that are more difficult to predict or satisfy than in our existing markets. Consumer recognition of our brand has been important in the success of company-operated and franchised restaurants in our existing markets. In addition, restaurants we open in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher construction, occupancy or operating costs than restaurants we open in existing markets, thereby affecting our overall profitability. Any failure on our part to recognize or respond to these challenges may adversely affect the success of any new restaurants. Expanding our franchise system could require the implementation, expense and successful management of enhanced business support systems, management information systems and financial controls as well as additional staffing, franchise support and capital expenditures and working capital.

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At the end of fiscal 2009, we had 21 system-wide restaurants, all originally developed by franchisees, open east of the Rockies. However, by 2012, all of these restaurants had been closed. We may encounter similar issues with our current growth strategy, which could materially adversely affect our business, financial condition, results of operations and cash flow.

Due to brand recognition and logistical synergies, as part of our growth strategy, we also intend to open new restaurants in areas where we have existing restaurants. The operating results and comparable restaurant sales for our restaurants could be adversely affected due to close proximity with our other restaurants and market saturation.

Changes in food and supply costs, especially for chicken, could adversely affect our business, financial condition and results of operations.

Our profitability depends in part on our ability to anticipate and react to changes in food and supply costs. We are susceptible to increases in food costs as a result of factors beyond our control, such as general economic conditions, seasonal economic fluctuations, weather conditions, global demand, food safety concerns, infectious diseases, fluctuations in the U.S. dollar, product recalls and government regulations. The costs of many basic foods for humans and animals, including corn, wheat, corn flour and other flour, rice and cooking oil, have increased markedly in recent years, resulting in upward pricing pressures on almost all of our raw ingredients including chicken and increasing our food costs. Food prices for a number of our key ingredients escalated markedly at various points in fiscal 2012 and fiscal 2013, and we expect that there will be additional pricing pressures on some of those ingredients in fiscal 2014. Weather related issues, such as freezes or drought, may also lead to temporary spikes in the prices of some ingredients such as produce or meats. Any increase in the prices of the ingredients most critical to our menu, such as chicken, corn, cheese, avocados, beans, rice and tomatoes, would adversely affect our operating results. Alternatively, in the event of cost increases with respect to one or more of our raw ingredients, we may choose to temporarily suspend serving menu items, such as guacamole or one or more of our salsas, rather than paying the increased cost for the ingredients. Any such changes to our available menu may negatively impact our restaurant traffic, business and comparable restaurant sales during the shortage and thereafter.

Our principal food product is chicken. In the first thirty-nine weeks of fiscal 2014 and in fiscal 2013, fiscal 2012 and fiscal 2011, the cost of chicken included in our product cost was approximately 12.6%, 13.0%, 12.7% and 12.7%, respectively, of our revenue from company-operated restaurants. Material increases in the cost of chicken could materially adversely affect our business, operating results and financial condition. Changes in the cost of chicken can result from a number of factors, including seasonality, increases in the cost of grain, disease and other factors that affect availability and greater international demand for domestic chicken products. A major driver in the price of corn, which is the primary feed source for chicken, has been the increasing demand for corn by the ethanol industry as an alternative fuel source, as most ethanol plants in the United States use corn as the primary source of grain to make ethanol. This increased demand on the nation's corn crop has had and may continue to have an adverse impact on chicken prices. We currently do not engage in futures contracts or other financial risk management strategies with respect to potential price fluctuations in the cost of chicken or other inputs, food and supplies, which we purchase at prevailing market or contracted prices. We have implemented menu price increases in the past to significantly offset the higher prices of chicken, due to competitive pressures and compressed profit margins. We may not be able to offset all or any portion of increased food and supply cost through higher menu prices in the future. If we implement further menu price increases in the future to protect our margins, average check size and restaurant traffic could be materially adversely affected, at both company-operated and franchised restaurants.

Negative publicity could reduce sales at some or all of our restaurants.

We are, from time to time, faced with negative publicity relating to food quality, the safety, sanitation and welfare of chicken, which is our principal food product, restaurant facilities, customer complaints or litigation alleging illness or injury, health inspection scores, integrity of our or our suppliers' food processing and other policies, practices and procedures, employee relationships or other matters at one or more of our restaurants. Negative publicity may adversely affect us, regardless of whether the allegations are valid or whether we are held to be responsible. In addition, the negative impact of adverse publicity relating to one restaurant may extend far beyond the restaurant involved to affect some or all of our other restaurants, including our franchised restaurants. The risk of negative publicity is particularly great with respect to our franchised restaurants because we are limited in the manner in which we can regulate them, especially on a real-time basis. A similar risk exists with respect to food service businesses

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unrelated to us, if customers mistakenly associate such unrelated businesses with our operations. Employee claims against us based on, among other things, wage and hour violations, discrimination, harassment or wrongful termination may also create not only legal and financial liability but negative publicity that could adversely affect us and divert our financial and management resources that would otherwise be used to benefit the future performance of our operations. These types of employee claims could also be asserted against us, on a co-employer theory, by employees of our franchisees. A significant increase in the number of these claims or an increase in the number of successful claims could materially adversely affect our business, financial condition, results of operations and cash flows.

Food safety and quality concerns may negatively impact our business and profitability, our internal operational controls and standards may not always be met and our employees may not always act professionally, responsibly and in our and our customers' best interests. Any possible instances of food-borne illness could reduce our restaurant sales.

Incidents or reports of food- or water-borne illness or other food safety issues, food contamination or tampering, employee hygiene and cleanliness failures or improper employee conduct at our restaurants could lead to product liability or other claims. Such incidents or reports could negatively affect our brand and reputation as well as our business, revenues and profits. Similar incidents or reports occurring at quick service restaurants unrelated to us could likewise create negative publicity, which could negatively impact consumer behavior towards us.

We cannot guarantee to consumers that our internal controls and training will be fully effective in preventing all food-borne illnesses. Furthermore, our reliance on third-party food processors makes it difficult to monitor food safety compliance and may increase the risk that food-borne illness would affect multiple locations rather than single restaurants. Some food-borne illness incidents could be caused by third-party food suppliers and transporters outside of our control. New illnesses resistant to our current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations on a retroactive basis. One or more instances of food-borne illness in one of our company-operated or franchised restaurants could negatively affect sales at all of our restaurants if highly publicized. This risk exists even if it were later determined that the illness was wrongly attributed to one of our restaurants. A number of other restaurant chains have experienced incidents related to food-borne illnesses that have had material adverse impacts on their operations, and we cannot assure you that we could avoid a similar impact upon the occurrence of a similar incident at one of our restaurants. Additionally, even if food-borne illnesses were not identified at El Pollo Loco restaurants, our restaurant sales could be adversely affected if instances of food-borne illnesses at other restaurant chains were highly publicized. In addition, our restaurant sales could be adversely affected by publicity regarding other high-profile illnesses such as avian flu that customers may associate with our food products.

We rely on only one company to distribute substantially all of our products to company-operated and franchised restaurants, and on a limited number of companies to supply chicken. Failure to receive timely deliveries of food or other supplies could result in a loss of revenue and materially and adversely impact our operations.

Our and our franchisees' ability to maintain consistent quality menu items and prices significantly depends upon our ability to acquire fresh food products, including the highest quality chicken and related items, from reliable sources in accordance with our specifications on a timely basis. Shortages or interruptions in the supply of fresh food products caused by unanticipated demand, problems in production or distribution, contamination of food products, an outbreak of poultry diseases, inclement weather or other conditions could materially adversely affect the availability, quality and cost of ingredients, which would adversely affect our business, financial condition, results of operations and cash flows. We have contracts with a limited number of suppliers for the chicken, other food and supplies for our restaurants. In addition, one company distributes substantially all of the products we receive from suppliers to company-operated and franchised restaurants. If that distributor or any supplier fails to perform as anticipated or seeks to terminate agreements with us, or if there is any disruption in any of our supply or distribution relationships for any reason, our business, financial condition, results of operations and cash flows could be materially adversely affected. If we or our franchisees temporarily close a restaurant or remove popular items from a restaurant's menu, that restaurant may experience a significant reduction in revenue during the time affected by the shortage and thereafter if our customers change their dining habits as a result.

We have a history of net losses and may incur losses in the future.

We have incurred net losses in each of the last seven fiscal years. We may continue to incur net losses in the future and we cannot assure you that we will achieve or sustain profitability.

The failure to comply with our debt covenants or the volatile credit and capital markets could have a material adverse effect on our financial condition.

Our ability to manage our debt is dependent on our level of positive cash flow from company-operated and franchised restaurants, net of costs. The recent economic downturn negatively impacted our cash flows. Credit and capital markets can be volatile, which could make it more difficult for us to refinance our existing debt or to obtain additional debt or equity financings in the future. Such constraints could increase our costs of borrowing and could restrict our access to other potential sources of future liquidity. Our failure to comply with the debt covenants in our senior secured credit facilities or to have sufficient liquidity to make interest and other payments required by our debt could result in a default of such debt and acceleration of our borrowings which would have a material adverse effect on our business and financial condition.

Our substantial level of indebtedness could materially and adversely affect our business, financial condition and results of operations.

We have substantial debt service obligations. At September 24, 2014, our total debt was approximately \$188.7 million (including capital lease obligations), which represented approximately 48.6% of our total capitalization, and we had \$15.0 million of credit available under our revolving credit facility, which was reduced by approximately \$7.3 million from outstanding letters of credit. At September 24, 2014, we had no other borrowings against our revolving credit facility.

Our high level of indebtedness could have significant effects on our business, such as:

- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on our debt, which would reduce availability of our cash flow to fund working capital, capital expenditures, acquisitions, execution of our growth strategy and other general corporate purposes;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business by limiting our ability to plan for and react to changing conditions;
- placing us at a competitive disadvantage compared with our competitors that have less debt; and
- exposing us to risks inherent in interest rate fluctuations because our borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

In addition, we may not be able to generate sufficient cash flow from our operations to repay our indebtedness when it becomes due and to meet our other cash needs. If we are not able to pay our debts as they become due, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we must sell our assets, it may negatively affect our ability to generate revenue.

Our senior secured credit facilities contain 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 (ix) change

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EPL's lines of business or fiscal year. In addition, our senior secured credit facilities require EPL to maintain, on a consolidated basis, a minimum interest coverage ratio and not to exceed a maximum total leverage ratio. Our ability to borrow under our revolving credit facility depends on our compliance with this test. Events beyond our control, including changes in general economic and business conditions, may affect our ability to meet this test. We cannot assure you that we will meet this test in the future, or that the lenders will waive any failure to meet this test.

We may not be able to compete successfully with other quick service and fast casual restaurants. Intense competition in the restaurant industry could make it more difficult to expand our business and could also have a negative impact on our operating results if customers favor our competitors or we are forced to change our pricing and other marketing strategies.

The food service industry, and particularly its quick service and fast casual segments, is intensely competitive. In addition, the greater Los Angeles area, the primary market in which we compete, consists of what we believe to be the most competitive Mexican-inspired quick service and fast casual market in the United States. We expect competition in this market and each of our other markets to continue to be intense because consumer trends are favoring limited service restaurants that offer healthier menu items made with better quality products and many limited service restaurants are responding to these trends. Competition in our industry is primarily based on price, convenience, quality of service, brand recognition, restaurant location and type and quality of food. If our company-operated and franchised restaurants cannot compete successfully with other quick service and fast casual restaurants in new and existing markets, we could lose customers and our revenue could decline. Our company-operated and franchised restaurants compete with national and regional quick service and fast casual restaurant chains for customers, restaurant locations and qualified management and other staff. Compared with us, some of our competitors have substantially greater financial and other resources, have been in business longer, have greater brand recognition or are better established in the markets where our restaurants are located or are planned to be located. Any of these competitive factors may materially adversely affect our business, financial condition or results of operations.

Our marketing programs may not be successful, and our new menu items, advertising campaigns and restaurant designs and remodels may not generate increased sales or profits.

We incur costs and expend other resources in our marketing efforts on new menu items, advertising campaigns and restaurant designs and remodels to raise brand awareness and attract and retain customers. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Additionally, some of our competitors have greater financial resources, which enable them to spend significantly more on marketing and advertising and other initiatives than we are able to. Should our competitors increase spending on marketing and advertising and other initiatives or our marketing funds decrease for any reason, or should our advertising, promotions, new menu items and restaurant designs and remodels be less effective than our competitors, there could be a material adverse effect on our results of operations and financial condition.

The challenging economic environment may affect our franchisees, with adverse consequences to us.

We rely in part on our franchisees and the manner in which they operate their locations to develop and promote our business. As of December 25, 2013, our top 10 franchisees operated over 62% of our franchised restaurants and two franchisees (the "Significant Franchisees") operated approximately 33% of our franchised restaurants. Due to the continuing challenging economic environment it is possible that some franchisees could file for bankruptcy or become delinquent in their payments to us, which could have significant adverse impacts on our business due to loss or delay in payments of royalties, information technology ("IT") support service fees, contributions to our advertising funds, and other fees. Our top 10 franchisees accounted for approximately 57% of our total franchise revenue in fiscal 2013, and the Significant Franchisees accounted for approximately 29% of total franchise revenue in fiscal 2013. Bankruptcies by our franchisees could prevent us from terminating their franchise agreements so that we can offer their territories to other franchisees, negatively impact our market share and operating results as we may have fewer well-performing restaurants, and adversely impact our ability to attract new franchisees.

As of September 24, 2014, we had executed development agreements that represent commitments to open 44 franchised restaurants at various dates through 2018. Although we have developed criteria to evaluate and screen prospective developers and franchisees, we cannot be certain that the developers and franchisees we select will

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have the business acumen or financial resources necessary to open and operate successful franchises in their franchise areas, and state franchise laws may limit our ability to terminate or modify these franchise arrangements. Moreover, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other restaurant personnel. The failure of developers and franchisees to open and operate franchises successfully could have a material adverse effect on us, our reputation, our brand and our ability to attract prospective franchisees and could materially adversely affect our business, financial condition, results of operations and cash flows.

Franchisees may not have access to the financial or management resources that they need to open the restaurants contemplated by their agreements with us, or be able to find suitable sites on which to develop them. Franchisees may not be able to negotiate acceptable lease or purchase terms for restaurant sites, obtain the necessary permits and government approvals or meet construction schedules. Any of these problems could slow our growth and reduce our franchise revenue. Additionally, our franchisees typically depend on financing from banks and other financial institutions, which may not always be available to them, in order to construct and open new restaurants. For these reasons, franchisees operating under development agreements may not be able to meet the new restaurant opening dates required under those agreements. Also, we sublease certain restaurants to some existing California franchisees. If any such franchisees cannot meet their financial obligations under their subleases, or otherwise fail to honor or default under the terms of their subleases, we would be financially obligated under a master lease and could be materially adversely affected.

In February 2011, one franchisee filed a petition for relief under Chapter 11 of the Bankruptcy Code in the Central District of California. The resulting reorganization was completed in March 2013 and involved the sale of seven of the franchisee's 13 restaurants located in the Central Valley of California to new owners. All 13 restaurants continued to conduct business throughout the reorganization. The franchisee retained ownership of six of the 13 restaurants owned by it prior to the bankruptcy, but closed one of those restaurants in August 2013, due to its inability to renew the lease. The franchisee has the option to relocate that restaurant to a new site within a two-mile radius of the closed location or continue to pay monthly royalties pursuant to the terms of a settlement agreement entered into as part of the reorganization.

Another franchisee with two restaurants was placed in receivership in March 2013. One restaurant owned by that franchisee prior to being placed in receivership was purchased by one of our largest franchisees in January 2014, and the second restaurant was sold to a new owner on July 31, 2014. Both of the restaurants have remained open during this process.

We have limited control with respect to the operations of our franchisees, which could have a negative impact on our business.

Franchisees are independent business operators and are not our employees and we do not exercise control over the day-to-day operations of their restaurants. We provide training and support to franchisees, and set and monitor operational standards, but the quality of franchised restaurants may be diminished by any number of factors beyond our control. Consequently, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other restaurant personnel. If franchisees do not operate to our expectations, our image and reputation, and the image and reputation of other franchisees, may suffer materially and system-wide sales could decline significantly.

Franchisees, as independent business operators, may from time to time disagree with us and our strategies regarding the business or our interpretation of our respective rights and obligations under the franchise agreement. This may lead to disputes with our franchisees and we expect such disputes to occur from time to time in the future as we continue to offer franchises. To the extent we have such disputes, the attention, time and financial resources of our management and our franchisees will be diverted from our restaurants, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our self-insurance programs may expose us to significant and unexpected costs and losses.

We currently maintain employee health insurance coverage on a self-insured basis. We do maintain stop loss coverage which sets a limit on our liability for both individual and aggregate claim costs.

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We currently record a liability for our estimated cost of claims incurred and unpaid as of each balance sheet date. Our estimated liability is recorded on an undiscounted basis and includes a number of significant assumptions and factors, including historical trends, expected costs per claim, actuarial assumptions and current economic conditions. Our history of claims activity for all lines of coverage is closely monitored and liabilities are adjusted as warranted based on changing circumstances. It is possible, however, that our actual liabilities may exceed our estimates of loss. We may also experience an unexpectedly large number of claims that result in costs or liabilities in excess of our projections and therefore we may be required to record additional expenses. For these and other reasons, our self-insurance reserves could prove to be inadequate, resulting in liabilities in excess of our available insurance and self-insurance. If a successful claim is made against us and is not covered by our insurance or exceeds our policy limits, our business may be negatively and materially impacted.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business.

We rely on our computer systems and network infrastructure across our operations, including point-of-sale processing at our restaurants. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to litigation or to actions by regulatory authorities.

If we are unable to protect our customers' credit and debit card data, we could be exposed to data loss, litigation, liability and reputational damage.

In connection with credit and debit card sales, we transmit confidential credit and debit card information by way of secure private retail networks. Although we use private networks, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit and debit card sales, and our security measures and those of our technology vendors may not effectively prohibit others from obtaining improper access to this information. If a person were able to circumvent these security measures, he or she could destroy or steal valuable information or disrupt our operations. Any security breach could expose us to risks of data loss, litigation and liability and could seriously disrupt our operations and any resulting negative publicity could significantly harm our reputation.

The failure to enforce and maintain our trademarks and protect our other intellectual property could materially adversely affect our business, including our ability to establish and maintain brand awareness.

We have registered El Pollo Loco®, Pollo Bowl®, The Crazy Chicken® and certain other names used by our restaurants as trademarks or service marks with the United States Patent and Trademark Office and in approximately 42 foreign countries. Our current brand campaign, Crazy You Can Taste™, has also been approved for registration with the United States Patent and Trademark Office. In addition, the El Pollo Loco logo, website name and address and Facebook and Twitter accounts are our intellectual property. The success of our business strategy depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our branded products. If our efforts to protect our intellectual property are not adequate, or if any third party misappropriates or infringes on our intellectual property, whether in print, on the Internet or through other media, the value of our brands may be harmed, which could have a material adverse effect on our business, including the failure of our brands and branded products to achieve and maintain market acceptance. There can be no assurance that all of the steps we have taken to protect our intellectual property in the United States and in foreign countries will be adequate. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States.

We maintain the recipe for our chicken marinade, as well as certain proprietary standards, specifications and operating procedures, as trade secrets or confidential proprietary information. We may not be able to prevent the unauthorized disclosure or use of our trade secrets or proprietary information, despite the existence of confidentiality agreements and other measures. While we try to ensure that the quality of our brands and branded products is maintained by all of our franchisees, we cannot be certain that these franchisees will not take actions that adversely affect the value of our intellectual property or reputation. If any of our trade secrets or proprietary information were to

be disclosed to or independently developed by a competitor, our business, financial condition and results of operations could be materially adversely affected.

We depend on our board of directors, executive officers and key employees.

We rely upon the accumulated knowledge, skills and experience of the members of our board of directors, our executive officers and our key employees. Our executive officers have cumulative experience of 11 years with us and 95 years in the food service industry. If they were to leave us or become incapacitated, we might suffer in our planning and execution of business strategy and operations, impacting our brand and financial results. We also do not maintain any key man life insurance policies for any of our employees.

Matters relating to employment and labor law may adversely affect our business.

Various federal and state labor laws govern our relationships with our employees and affect operating costs. These laws include employee classifications as exempt or non-exempt, minimum wage requirements, unemployment tax rates, workers' compensation rates, citizenship requirements and other wage and benefit requirements for employees classified as non-exempt. Significant additional government regulations and new laws mandating increases in minimum wages or mandated benefits such as health insurance could materially affect our business, financial condition, operating results or cash flow. Furthermore, the unionization of our employees and of the employees of our franchisees could materially affect our business, financial condition, operating results or cash flow.

We are also subject in the ordinary course of business to employee claims against us based, among other things, on discrimination, harassment, wrongful termination, or violation of wage and labor laws. Such claims could also be asserted against us by employees of our franchisees. These claims may divert our financial and management resources that would otherwise be used to benefit our operations. The ongoing expense of any resulting lawsuits, and any substantial settlement payment or damage award against us, could adversely affect our business, brand image, employee recruitment, financial condition, operating results or cash flows.

Restaurant companies have been the target of class action lawsuits and other proceedings alleging, among other things, violations of federal and state workplace and employment laws. Proceedings of this nature are costly, divert management attention and, if successful, could result in our payment of substantial damages or settlement costs.

Our business is subject to the risk of litigation by employees, consumers, suppliers, stockholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action and regulatory actions, is difficult to assess or quantify. In recent years, restaurant companies, including us, have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state laws regarding workplace and employment conditions, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been instituted from time to time alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal deductions, overtime eligibility of managers and failure to pay for all hours worked. In the past we have been a party to wage and hour class action lawsuits and are currently a party to such a lawsuit on behalf of a purported class. See "Business—Legal Proceedings."

Occasionally, our customers file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to one of our restaurants, including actions seeking damages resulting from food-borne illness or accidents in our restaurants. We are also subject to a variety of other claims from third parties arising in the ordinary course of our business, including contract claims. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of certain of their customers. We may also be subject to lawsuits from our employees, the U.S. Equal Employment Opportunity Commission or others alleging violations of federal and state laws regarding workplace and employment conditions, discrimination and similar matters.

Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations. In addition, they may generate negative publicity, which could reduce customer traffic and sales. Although we maintain what we believe to be adequate levels of insurance,

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insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims or any adverse publicity resulting from claims could adversely affect our business and results of operations.

If we or our franchisees face labor shortages or increased labor costs, our results of operations and our growth could be adversely affected.

Labor is a primary component in the cost of operating our company-operated and franchised restaurants. If we or our franchisees face labor shortages or increased labor costs because of increased competition for employees, higher employee-turnover rates, unionization of restaurant workers, or increases in the federally-mandated or state-mandated minimum wage or other employee benefits costs (including costs associated with health insurance coverage or workers' compensation insurance), our and our franchisees' operating expenses could increase and our growth could be adversely affected.

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 and the labor costs of our franchisees. Since July 1, 2014, the State of California (where most of our restaurants are located) has had a minimum wage of \$9.00 per hour. From January 1, 2008, to June 30, 2014, it had been \$8.00 per hour. It is scheduled to rise to \$10.00 per hour on January 1, 2016. The federal minimum wage has been \$7.25 per hour since July 24, 2009. Either federally-mandated, state-mandated or locally-mandated minimum wages may be raised in the future. We may be unable to increase our menu prices in order to pass future increased labor costs on to our customers, in which case our margins would be negatively affected. Also, reduced margins of franchisees could make it more difficult to sell franchises. And if menu prices are increased by us and our franchisees to cover increased labor costs, the higher prices could adversely affect sales and thereby reduce our margins and the royalties that we receive from franchisees.

In addition, our success depends in part upon our and our franchisees' ability to attract, motivate and retain a sufficient number of well-qualified restaurant operators, management personnel and other employees. Qualified individuals needed to fill these positions can be in short supply in some geographic areas. In addition, limited service restaurants have traditionally experienced relatively high employee turnover rates. Although we have not yet experienced any significant problems in recruiting or retaining employees, our and our franchisees' ability to recruit and retain such individuals may delay the planned openings of new restaurants or result in higher employee turnover in existing restaurants, which could increase our and our franchisees' labor costs and have a material adverse effect on our business, financial condition, results of operations or cash flows. If we or our franchisees are unable to recruit and retain sufficiently qualified individuals, our business and our growth could be adversely affected. Competition for these employees could require us or our franchisees to pay higher wages, which could also result in higher labor costs.

We are locked into long-term and non-cancelable leases and may be unable to renew leases at the end of their terms.

Many of our restaurant leases are non-cancelable and typically have initial terms up to 20 years and up to three renewal terms of five years that we may exercise at our option. Even if we close a restaurant, we may remain committed to perform our obligations under the applicable lease, which could include, among other things, payment of the base rent for the balance of the lease term. In addition, in connection with leases for restaurants that we will continue to operate, we may, at the end of the lease term and any renewal period for a restaurant, be unable to renew the lease without substantial additional cost, if at all. As a result, we may close or relocate the restaurant, which could subject us to construction and other costs and risks. Additionally, the revenue and profit, if any, generated at a relocated restaurant may not equal the revenue and profit generated at the existing restaurant.

We and our franchisees are subject to extensive government regulations that could result in claims leading to increased costs and restrict our ability to operate or sell franchises.

We and our franchisees are subject to extensive government regulation at the federal, state and local government levels. These include, but are not limited to, regulations relating to the preparation and sale of food, zoning and building codes, franchising, land use and employee, health, sanitation and safety matters. We and our franchisees are required to obtain and maintain a wide variety of governmental licenses, permits and approvals. Difficulty or failure in obtaining them in the future could result in delaying or canceling the opening of new restaurants. Local authorities may

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suspend or deny renewal of our governmental licenses if they determine that our operations do not meet the standards for initial grant or renewal. This risk would be even higher if there were a major change in the licensing requirements affecting our types of restaurants.

The Patient Protection and Affordable Care Act of 2010 (the “PPACA”) requires employers such as us to provide adequate and affordable health insurance for all qualifying employees or pay a monthly per-employee fee or penalty for non-compliance. We are evaluating the impact the new law will have on our operations, and although we cannot predict with certainty the financial impact of the legislation, the law’s individual mandate may increase the number of employees taking part in our health insurance program, which could impact our results of operations beginning in 2015.

We are also subject to regulation by the Federal Trade Commission and subject to state laws that govern the offer, sale, renewal and termination of franchises and our relationship with our franchisees. The failure to comply with these laws and regulations in any jurisdiction or to obtain required approvals could result in a ban or temporary suspension on franchise sales, fines or the requirement that we make a rescission offer to franchisees, any of which could affect our ability to open new restaurants in the future and thus could materially adversely affect our business and operating results. Any such failure could also subject us to liability to our franchisees.

We are increasingly subject to environmental regulations, which may increase our cost of doing business and affect the manner in which we operate. Environmental regulations could increase the level of our taxation and future regulations could impose restrictions or increase the costs associated with food, food packaging and other supplies, transportation costs and utility costs. Complying with environmental regulations may cause our results of operations to suffer. We cannot predict what environmental regulations or legislation will be enacted in the future, how existing or future environmental laws will be administered or applied, or the level of costs that we may incur to comply with, or satisfy claims relating to, such laws and regulations.

Legislation and regulations requiring the display and provision of nutritional information for our menu offerings, and new information or attitudes regarding diet and health or adverse opinions about the health effects of consuming our menu offerings, could affect consumer preferences and negatively impact our results of operations.

Government regulation and consumer eating habits may impact our business as a result of changes in attitudes regarding diet and health or new information regarding the health effects of consuming our menu offerings. These changes have resulted in, and may continue to result in, the enactment of laws and regulations that impact the ingredients and nutritional content of our menu offerings, or laws and regulations requiring us to disclose the nutritional content of our food offerings.

The PPACA establishes a uniform, federal requirement for certain restaurants to post certain nutritional information on their menus. Specifically, the PPACA amended the Federal Food, Drug and Cosmetic Act to require chain restaurants with 20 or more locations operating under the same name and offering substantially the same menus to publish the total number of calories of standard menu items on menus and menu boards, along with a statement that puts this calorie information in the context of a total daily calorie intake. The PPACA also requires covered restaurants to provide to consumers, upon request, a written summary of detailed nutritional information for each standard menu item, and to provide a statement on menus and menu boards about the availability of this information. The PPACA further permits the United States Food and Drug Administration to require covered restaurants to make additional nutrient disclosures, such as disclosure of trans-fat content. An unfavorable report on, or reaction to, our menu ingredients, the size of our portions or the nutritional content of our menu items could negatively influence the demand for our offerings.

Furthermore, a number of states, counties and cities have enacted menu labeling laws requiring multi-unit restaurant operators to disclose certain nutritional information to customers, or have enacted legislation restricting the use of certain types of ingredients in restaurants. California, our largest market, is one of these, although its menu labeling law has been superseded by the PPACA.

While we believe our food generally to be healthier than that of our peers, customers may disagree or change their dining habits to avoid QSR-like restaurants altogether.

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Compliance with current and future laws and regulations regarding the ingredients and nutritional content of our menu items may be costly and time-consuming. Additionally, if consumer health regulations or consumer eating habits change significantly, we may be required to modify or discontinue certain menu items, and we may experience higher costs associated with the implementation of those changes. Additionally, some government authorities are increasing regulations regarding trans-fats and sodium, which may require us to limit or eliminate trans-fats and sodium in our menu offerings, switch to higher cost ingredients or may hinder our ability to operate in certain markets. Some jurisdictions have banned certain cooking ingredients, such as trans-fats, which a small number of our ingredients contain in trace amounts, or have discussed banning certain products, such as large sodas. Removal of these products and ingredients from our menus could affect product tastes, customer satisfaction levels, and sales volumes, whereas if we fail to comply with these laws or regulations, our business could experience a material adverse effect.

We cannot make any assurances regarding our ability to effectively respond to changes in consumer health perceptions or our ability to successfully implement the nutrient content disclosure requirements and to adapt our menu offerings to trends in eating habits. The imposition of additional menu-labeling laws could have an adverse effect on our results of operations and financial position, as well as on the restaurant industry in general.

We may become subject to liabilities arising from environmental laws that could likely increase our operating expenses and materially and adversely affect our business and results of operations.

We are subject to federal, state and local laws, regulations and ordinances that:

- govern activities or operations that may have adverse environmental effects, such as discharges to air and water, as well as waste handling and disposal practices for solid and hazardous wastes; and
- impose liability for the costs of cleaning up, and damage resulting from, sites of past spills, disposals or other releases of hazardous materials.

In particular, under applicable environmental laws, we may be responsible for remediation of environmental conditions and may be subject to associated liabilities, including liabilities for clean-up costs and personal injury or property damage, relating to our restaurants and the land on which our restaurants are located, regardless of whether we lease or own the restaurants or land in question and regardless of whether such environmental conditions were created by us or by a prior owner or tenant. If we are found liable for the costs of remediation of contamination at any of our properties, our operating expenses would likely increase and our results of operations would be materially adversely affected. See “Business—Environmental Matters.”

We are required to pay our pre-IPO owners for certain tax benefits, which amounts are expected to be material.

We have entered into an income tax receivable agreement with our pre-IPO stockholders that provides for the payment by us to our pre-IPO stockholders of 85% of the amount of cash savings, if any, in United States federal, state, local and foreign income tax that we and our subsidiaries actually realize (or are deemed to realize in the case of an early termination by us or a change of control, as discussed below under the heading “Certain Relationships and Related Party Transactions—Income Tax Receivable Agreement”) as a result of the utilization of our net operating losses and other tax attributes attributable to periods prior to this offering together with interest accrued at a rate of LIBOR plus 200 basis points from the date the applicable tax return is due (without extension) until paid.

The payments that we may make under the income tax receivable agreement may be material. As of September 24, 2014, we have an accrued payable related to this agreement of approximately \$40 million.

These payment obligations are our obligations and not obligations of our subsidiaries. The actual amount and utilization of net operating losses and other tax attributes, as well as the amount and timing of any payments under the income tax receivable agreement, will vary depending upon a number of factors, including the amount, character, and timing of our and our subsidiaries’ taxable income in the future.

Our counterparties under the income tax receivable agreement will not reimburse us for any benefits that are subsequently disallowed, although any future payments would be adjusted to the extent possible to reflect the result of such disallowance. As a result, in such circumstances, we could make payments under the income tax receivable agreement that are greater than our actual cash tax savings.

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If we undergo a change of control as defined in the income tax receivable agreement, the income tax receivable agreement will terminate and we will be required to make a payment equal to the present value of expected future payments under the income tax receivable agreement, which payment would be based on certain assumptions, including those relating to our future taxable income. Additionally, if we or a direct or indirect subsidiary transfers any asset to a corporation with which we do not file a consolidated tax return, we will be treated as having sold that asset for its fair market value in a taxable transaction for purposes of determining the cash savings in income tax under the income tax receivable agreement. Any such payment resulting from a change of control or asset transfer could be substantial and could exceed our actual cash tax savings.

Risks Related to this Offering and Ownership of Our Common Stock

If the ownership of our common stock continues to be highly concentrated, it may prevent you and other minority stockholders from influencing significant corporate decisions and may result in conflicts of interest.

Following the completion of this offering, Trimaran and Freeman Spogli will indirectly beneficially own approximately 35.7% and 20.5%, respectively, of our outstanding common stock, or 34.6% and 19.8%, respectively, if the underwriters' option to purchase additional shares is fully exercised. As a result, Trimaran and Freeman Spogli will indirectly beneficially own shares sufficient for majority votes over all matters requiring stockholder votes, including: the election of directors; mergers, consolidations and acquisitions; the sale of all or substantially all of our assets and other decisions affecting our capital structure; amendments to our certificate of incorporation or our bylaws; and our winding up and dissolution. While LLC owns a majority of our common stock, Freeman Spogli will be able to instruct LLC, pursuant to LLC's operating agreement, to vote in favor of the appointment of one member of our board of directors for so long as they hold 5% of the outstanding membership interests of LLC and Trimaran will be able to instruct LLC, pursuant to LLC's operating agreement, to vote in favor of the appointment of the remaining members of our board of directors. For a further description of LLC's limited liability company operating agreement, see "Certain Relationships and Related Party Transactions—LLC Agreement."

This concentration of ownership may delay, deter or prevent acts that would be favored by our other stockholders. The interests of Trimaran and Freeman Spogli may not always coincide with our interests or the interests of our other stockholders. This concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of us. Also, Trimaran and Freeman Spogli may seek to cause us to take courses of action that, in their judgments, could enhance their investments in us, but which might involve risks to our other stockholders or adversely affect us or our other stockholders, including investors in this offering. As a result, the market price of our common stock could decline or stockholders might not receive a premium over the then-current market price of our common stock upon a change in control. In addition, this concentration of share ownership may adversely affect the trading price of our common stock because investors may perceive disadvantages in owning shares in a company with significant stockholders. See "Principal Stockholders" and "Description of Capital Stock—Certain Provisions of Delaware Law and Certain Charter and Bylaw Provisions."

The interests of Trimaran and Freeman Spogli may conflict with ours or yours in the future.

Trimaran and Freeman Spogli engage in a range of investing activities, including investments in restaurants and other consumer-related companies in particular. In the ordinary course of their business activities, Trimaran and Freeman Spogli may engage in activities where their interests conflict with our interests or those of our stockholders. Our amended and restated certificate of incorporation will provide that none of LLC, any of its officers, directors, employees, agents, members and affiliates, including Trimaran and Freeman Spogli, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Trimaran and Freeman Spogli also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, Trimaran and Freeman Spogli may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment in us, even though such transactions might involve risks to you, such as debt financed acquisitions.

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As a controlled company, we are not subject to all of the corporate governance rules of the NASDAQ Global Select Market (the “NASDAQ”).

We are considered a “controlled company” under the rules of the NASDAQ. Controlled companies are exempt from the NASDAQ’s corporate governance rules requiring that listed companies have (i) a majority of the board of directors consist of “independent” directors under the listing standards of the NASDAQ, (ii) a nominating/corporate governance committee composed entirely of independent directors and a written nominating/corporate governance committee charter meeting the NASDAQ’s requirements, and (iii) a compensation committee composed entirely of independent directors and a written compensation committee charter meeting the requirements of the NASDAQ. We currently utilize and presently intend to continue to utilize these exemptions. As a result, we may not have a majority of independent directors, our nomination and corporate governance committee and compensation committee may not consist entirely of independent directors and such committees may not be subject to annual performance evaluations. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NASDAQ. See “Management.”

We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations and to pay dividends.

We are a holding company with no material direct operations. Our principal assets are the equity interests we indirectly hold in our operating subsidiary, EPL, which owns our operating assets. As a result, we are dependent on loans, dividends and other payments from EPL, our operating company and indirect wholly owned subsidiary, and Intermediate, our direct wholly owned subsidiary, to generate the funds necessary to meet our financial obligations and to pay dividends on our common stock. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends, including the restrictions contained in our senior secured credit facilities described below, or otherwise making funds available to us under certain conditions. Although we do not expect to pay dividends on our common stock for the foreseeable future, if we are unable to obtain funds from our subsidiaries, we may be unable to, or our board may exercise its discretion not to, pay dividends.

Pursuant to the terms of our senior secured credit facilities, EPL is restricted in its dividend payments to Intermediate and may only make (i) dividends payable solely in EPL’s own common stock or other common equity interests, (ii) payments that permit Intermediate to repurchase or redeem qualified capital stock of Intermediate held by present or former officers, directors or employees, not to exceed \$1,000,000 in any fiscal year (with unused amounts carried over to the next fiscal year), and (iii) provided that no default or event of default under the credit agreement has occurred, is continuing, or would result therefrom, dividends limited to various absolute ceiling amounts, including an aggregate amount up to \$5,000,000 (shared with Intermediate) for dividends not including those paid pursuant to stock options and other benefit plans. Likewise, Intermediate is restricted in its own dividend payments, with such restrictions including, but not limited to, dividends payable solely in Intermediate’s own common stock or other common equity interests.

We do not anticipate paying any dividends on our common stock in the foreseeable future.

We do not expect to declare or pay any cash or other dividends in the foreseeable future on our common stock because we intend to use cash flow generated by operations to grow our business. Our senior secured credit facilities restrict our ability to pay cash dividends on our common stock. We may also enter into other credit agreements or other borrowing arrangements in the future that restrict or limit our ability to pay cash dividends on our common stock.

As a public company, we incur significant costs to comply with the laws and regulations affecting public companies which could harm our business and results of operations.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”) and the listing requirements of the NASDAQ, and other applicable securities rules and regulations. These rules and regulations have increased and will continue to increase our legal, accounting and financial compliance costs and have made and will continue to make some activities more time consuming and costly, particularly after we cease to be an “emerging growth company” as defined in the JOBS Act. For example, these rules and regulations could make it more difficult and more costly for us to obtain director and officer liability insurance, and we may be required to accept reduced

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policy limits and coverage or to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as executive officers. Our management and other personnel devote a substantial amount of time to these compliance initiatives. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have hired additional employees to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

Our management team and other personnel devote a substantial amount of time to new compliance initiatives and we may not successfully or efficiently manage our transition to a public company. To comply with the requirements of being a public company, including the Sarbanes-Oxley Act, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff, which would require us to incur additional expenses and harm our results of operations.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies.

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and of stockholder approval of any golden parachute payments not previously approved. We may take advantage of some of these exemptions. If we do, we do not know if some investors will find our common stock less attractive as a result. The result may be a less-active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise 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 emerging growth companies.

We could remain an "emerging growth company" for up to five years or until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (b) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (c) the date on which we have issued more than \$1 billion in non-convertible debt securities in the preceding three-year period.

We have not previously been required to assess the effectiveness of our internal controls over financial reporting and we may identify deficiencies when we are required to do so.

Section 404(a) of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting, starting with the second annual report that we would expect to file with the SEC. We have not previously been subject to this requirement, and, in connection with the implementation of the necessary procedures and practices related to internal controls and over financial reporting, we may identify deficiencies. We may not be able to remediate any future deficiencies in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404(a) thereof. In addition, failure to achieve and maintain an effective internal control environment could have a material adverse effect on our business and stock price.

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The market price and trading volume of our common stock has been and may be volatile, which could result in rapid and substantial losses for our stockholders, and you may lose all or part of your investment.

Prior to our IPO, there had been no public market for our common stock. Shares of our common stock were sold in our IPO in July 2014 at a price of \$15.00 per share, and our common stock has subsequently traded as high as \$41.70. An active, liquid and orderly market for our common stock may not be sustained, which could depress the trading price of our common stock or cause it to be highly volatile or subject to wide fluctuations. The market price of our common stock has and may continue to fluctuate or may decline significantly in the future and you could lose all or part of your investment. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- variations in our quarterly or annual operating results;
- changes in our earnings estimates (if provided) or differences between our actual financial and operating results and those expected by investors and analysts;
- the contents of published research reports about us or our industry or the failure of securities analysts to cover our common stock;
- additions or departures of key management personnel;
- any increased indebtedness we may incur in the future;
- announcements by us or others and developments affecting us;
- actions by institutional stockholders;
- litigation and governmental investigations;
- legislative or regulatory changes;
- judicial pronouncements interpreting laws and regulations;
- changes in government programs;
- changes in market valuations of similar companies;
- speculation or reports by the press or investment community with respect to us or our industry in general;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic relationships, joint ventures or capital commitments; and
- general market, political and economic conditions, including local conditions in the markets in which we operate.

These broad market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. The stock market in general has from time to time experienced extreme price and volume fluctuations, including recently. In addition, in the past, following periods of volatility in the overall market and decreases in the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Future offerings of debt or equity securities by us may adversely affect the market price of our common stock.

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our common stock or by offering debt or other equity securities, including senior or subordinated notes, debt

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securities convertible into equity or shares of preferred stock. Opening new company-operated restaurants in existing and new markets could require substantial additional capital in excess of cash from operations. We would expect to finance the capital required for new company-operated restaurants through a combination of additional issuances of equity, corporate indebtedness and cash from operations.

Issuing additional shares of our common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our common stock or both. Upon liquidation, holders of such debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing, or nature of our future offerings. Thus, holders of our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their stockholdings in us. See “Description of Capital Stock.”

The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock in the public markets.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering, and the perception that these sales could occur could also depress the market price of our common stock. Of our issued and outstanding shares, all the common stock sold in this offering will be freely transferable, except for any shares held by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. Following completion of this offering, approximately 35.7% and 20.5% of our outstanding common stock, or 34.6% and 19.8% if the underwriters exercise their option to purchase additional shares in full, will remain beneficially owned by Trimaran and Freeman Spogli, respectively, and able to be resold into the public markets in the future in accordance with the requirements of Rule 144. See “Shares Eligible for Future Sale.”

We, our officers, directors, the selling stockholders and certain other stockholders have agreed, subject to specified exceptions, not to directly or indirectly:

- sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open “put equivalent position” within the meaning of Rule 16a-1(h) under the Exchange Act, or
- otherwise dispose of any shares of common stock, options or warrants to acquire shares of common stock, or securities exchangeable or exercisable for or convertible into shares of common stock currently or hereafter owned either of record or beneficially, or
- publicly announce an intention to do any of the foregoing for a period of 90 days after the date of this prospectus without the prior written consent of Jefferies LLC and Morgan Stanley & Co. LLC.

This restriction terminates after the close of trading of the common stock on and including the 90th day after the date of this prospectus.

Additionally, in connection with the IPO, we, our directors, our officers and holders of substantially all of our pre-IPO equity agreed, subject to certain exceptions, not to directly or indirectly:

- sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open “put equivalent position” within the meaning of Rule 16a-1(h) under the Exchange Act, or
- otherwise dispose of any shares of common stock, options or warrants to acquire shares of common stock, or securities exchangeable or exercisable for or convertible into shares of common stock currently or hereafter owned either of record or beneficially, or
- publicly announce an intention to do any of the foregoing for a period of 180 days after July 24, 2014 without the prior written consent of Jefferies LLC and Morgan Stanley & Co. LLC.

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This restriction terminates after the close of trading of the common stock on and including the 180 days after July 24, 2014, except with the prior written consent of Jefferies LLC and Morgan Stanley & Co. LLC.

After the expiration of both lock-ups, shares beneficially owned by Trimaran and Freeman Spogli may be sold in the public market in the United States, subject to prior registration in the United States, if required, or in reliance upon an exemption from United States registration, including, in the case of shares held by affiliates or control persons, compliance with the volume and other restrictions of Rule 144 and Rule 701 of the Securities Act. The market price of our common stock could decline significantly when the lock-ups lapse and cease to restrict resales. Such a decline could impede our ability to raise equity capital.

Pursuant to our stockholders agreement, LLC and, in certain instances, Freeman Spogli, may require us to file registration statements under the Securities Act at our expense, covering resales of our common stock held by them or LLC or piggyback on a registration statement in certain circumstances. Any such sales, or the prospect of any such sales, could materially impact the market price of our common stock. For a further description of our stockholders agreement, see “Certain Relationships and Related Party Transactions—Stockholders Agreement.”

The future issuance of additional common stock in connection with our incentive plan, acquisitions or otherwise will dilute all other stockholdings.

After this offering, assuming the underwriters exercise their option to purchase additional shares in full, we will have an aggregate of 158,196,825 shares of common stock authorized but unissued and not reserved for issuance under our incentive plan. We may issue all of these shares of common stock without any action or approval by our stockholders, subject to certain exceptions. Any common stock, issued in connection with our incentive plan, the exercise of outstanding stock options, or otherwise, would dilute the percentage ownership held by the investors who purchase common stock in this offering.

Delaware law and our organizational documents, as well as our existing and future debt agreements, may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and bylaws that will be effective upon completion of this offering may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our board of directors. Among other things, these provisions:

- provide for a classified board of directors with staggered three-year terms;
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power of a majority of the board of directors to fix the number of directors;
- provide the power of our board of directors to fill any vacancy on our board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorize the issuance of “blank check” preferred stock without any need for action by stockholders;
- eliminate the ability of stockholders to call special meetings of stockholders;
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings; and
- provide that, on or after the date that LLC ceases to beneficially own at least 40% of the total votes eligible to be cast in the election of directors, a 75% supermajority vote will be required to amend or repeal provisions relating to, among other things, the classification of the board of directors, the filling of vacancies on the board of directors and the advance notice requirements for stockholder proposals and director nominations.

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In addition, our senior secured credit facilities impose, and we anticipate that documents governing our future indebtedness may impose, limitations on our ability to enter into change of control transactions. Thereunder, the occurrence of a change of control transaction could constitute an event of default permitting acceleration of the indebtedness, thereby impeding our ability to enter into certain transactions.

The foregoing factors, as well as the significant common stock ownership by Trimaran and Freeman Spogli, could impede a merger, takeover, or other business combination, or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See “Description of Capital Stock.”

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and elsewhere in this prospectus may contain forward-looking statements that reflect our current views with respect to, among other things, future events and our financial performance. You can identify these forward-looking statements by the use of forward-looking words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” “target,” “projects,” “contemplates” or the negative version of those words or other comparable words of a future or forward-looking nature. Any forward-looking statements contained in this prospectus are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us, the selling stockholders, the underwriters or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, industry, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe these factors include, but are not limited to:

- the adverse impact of economic conditions on our operating results and financial condition, on our ability to comply with the terms and covenants of our debt agreements and on our ability to pay or to refinance our existing debt or to obtain additional financing;
- our vulnerability to changes in consumer preferences and economic conditions;
- our vulnerability to conditions in the greater Los Angeles area;
- our ability to open new restaurants in new and existing markets, including difficulty in finding sites and in negotiating acceptable leases;
- anticipated future restaurant openings may be delayed or cancelled;
- our restaurants and our franchisees’ restaurants may close due to financial or other difficulties;
- increases in the cost of chicken and other products;
- negative publicity, whether or not valid;
- concerns about food safety and quality and about food-borne illnesses, including adverse public perception due to the occurrence of avian flu;
- our dependence upon frequent and timely deliveries of food and other supplies;
- our reliance upon just one distributor for substantially all of our restaurant supplies;
- our history of net losses, including the possibility of future net losses;
- our ability to service our substantial level of indebtedness;
- our ability to compete successfully with other quick service and fast casual restaurants;
- the fact that new menu items, advertising campaigns and restaurant designs and remodels may not generate increased sales or profits;
- our reliance on our franchisees, who have also been adversely impacted by recent economic conditions and who may incur financial hardships, be unable to obtain credit, need to close their restaurants, or declare bankruptcy;

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- our ability to support our franchise system;
- our limited degree of control over the actions of our franchisees;
- our potential responsibility for certain acts of our franchisees;
- our ability to protect our name and logo and other proprietary intellectual property;
- loss of the abilities, experience and knowledge of our existing directors and officers;
- matters relating to employment and labor laws;
- the impact of litigation, including wage and hour class action lawsuits;
- labor shortages or increases in labor costs;
- our ability and the ability of our franchisees to renew leases at the end of their terms;
- the impact of federal, state or local government regulations relating to the preparation and sale of food, zoning and building codes, and employee, environmental and other matters;
- the impact and effects of our income tax receivable agreement;
- conflicts of interest with Trimaran and Freeman Spogli;
- the fact that we are considered a “controlled company” and exempt from certain corporate governance rules primarily relating to board independence, and we intend to use some or all of these exemptions;
- the fact that we are a holding company with no operations and will rely on our operating subsidiaries to provide us with funds;
- our expectations regarding the time during which we will be an emerging growth company under the JOBS Act;
- changes in accounting standards; and
- other risks described in the “Risk Factors” section of this prospectus.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or review any forward-looking statement except as required by law, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. You should specifically consider the risk factors and other items identified in this prospectus that could cause actual results to differ before making an investment decision to purchase our common stock. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

USE OF PROCEEDS

The selling stockholders named in this prospectus are offering 6,000,000 shares of common stock. See “Principal and Selling Stockholders.” Accordingly, we will not receive any proceeds from the sale of shares of our common stock by the selling stockholders, including the sale of any shares by the selling stockholders if the underwriters exercise their option to purchase additional shares of common stock.

PRICE RANGE OF OUR COMMON STOCK

Our common stock has been listed on the NASDAQ Global Select Market under the symbol “LOCO” since July 25, 2014. Prior to that date, there was no established public trading market for our common stock. The following table sets forth the range of high and low sales prices on the NASDAQ Global Select Market of our common stock for the periods indicated, as reported by the NASDAQ Global Select Market. Such quotations represent interdealer prices without retail markup, markdown or commission, and may not necessarily represent actual transactions.

	<u>Low</u>	<u>High</u>
Third Quarter (July 25, 2014—September 24, 2014)	\$18.48	\$41.70
Fourth Quarter (September 25, 2014—November 14, 2014)	\$32.00	\$38.78

On November 14, 2014, the closing price per share of our common stock on the NASDAQ Global Select Market was \$34.33. As of November 14, 2014, there were approximately 14 holders of record of our common stock. The number of holders of record is based upon the actual number of holders registered at such date and does not include holders of shares in “street name” or persons, partnerships, associates, corporations or other entities in security position listings maintained by depositories.

DIVIDEND POLICY

We do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future, if any, will be used for the operation and growth of our business.

Any future determination to pay dividends on our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial position, our results of operations, our liquidity, legal requirements, restrictions that may be imposed by the terms of current and future financing instruments and other factors deemed relevant by our board of directors. Our senior secured credit facilities also restrict our ability to pay cash dividends on our common stock. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt and Other Obligations—Senior Secured Credit Facilities.”

CAPITALIZATION

The following sets forth our cash and cash equivalents and capitalization as of September 24, 2014.

You should read this table in conjunction with “Use of Proceeds,” “Selected Historical Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes and other financial information included elsewhere in this prospectus.

	As of September 24, 2014
	(Amounts in thousands, except share and per share data)
Cash and cash equivalents	\$ 41,825
Debt:	
Senior secured credit facilities:	
Revolving credit facility ⁽¹⁾	\$ —
First lien term loan facility ⁽²⁾	187,807
Capital leases	913
Total debt	188,720
Stockholders’ equity:	
Common stock, par value \$0.01 per share: 200,000,000 shares authorized and 36,929,835 shares issued and outstanding	369
Additional paid-in capital	352,977
Accumulated deficit	(154,014)
Total stockholders’ equity	199,332
Total capitalization	\$ 388,052

(1) Excludes approximately \$7.3 million of outstanding letters of credit as of September 24, 2014, that will not be reflected on the balance sheet unless drawn upon.

(2) Issued with \$950,000 of original issue discount.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table contains selected historical consolidated historical financial data as of and for the fiscal years ended December 25, 2013, and December 26, 2012, derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statement of operations and cash flow data set forth below for the year ended December 28, 2011, are derived from audited consolidated financial statements of ours not included in this prospectus. The summary consolidated statements of operations and cash flow data for the thirty-nine weeks ended September 24, 2014, and September 25, 2013, and the consolidated balance sheet data as of September 24, 2014, have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. Results from interim periods are not necessarily indicative of results that may be expected for the entire year. You should read these tables in conjunction with the information contained under the headings “Use of Proceeds,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” and in our consolidated financial statements and the related notes to those statements included elsewhere in this prospectus.

	Thirty-Nine Weeks Ended		Fiscal Year Ended(1)		
	September 24, 2014	September 25, 2013	2013	2012	2011
(Amounts in thousands, except per share data)					
Statement of Operations Data:					
Revenue					
Company-operated restaurant revenue	\$ 238,432	\$ 223,059	\$ 294,327	\$ 274,928	\$ 255,361
Franchise revenue	16,456	15,430	20,400	18,682	17,877
Total revenue	254,888	238,489	314,727	293,610	273,238
Cost of operations					
Food and paper costs	75,834	70,608	93,589	85,428	78,873
Labor and related expenses	59,552	57,260	75,669	73,406	69,584
Occupancy and other operating expenses	51,091	47,791	63,150	61,636	59,269
Company restaurant expenses	186,477	175,659	232,408	220,470	207,726
General and administrative expenses	20,974	18,754	25,506	24,451	22,828
Franchise expenses	2,827	2,930	3,841	3,647	3,862
Depreciation and amortization	8,271	7,570	10,213	9,530	9,615
Loss on disposal of assets	609	734	868	966	197
Asset impairment and close-store reserves	415	126	(101)	1,494	2,014
Total expenses	219,573	205,773	272,735	260,558	246,242
Gain on sale of restaurants	2,658	—	400	—	—
Income from operations	37,973	32,716	42,392	33,052	26,996
Interest expense, net	15,286	29,443	36,334	38,890	37,715
Early extinguishment of debt	5,082	—	21,530	—	20,173
Income tax receivable agreement expense	40,119	—	—	—	—
Income (loss) before benefit (provision) for income taxes	(22,514)	3,273	(15,472)	(5,838)	(30,892)
Benefit (provision) for income taxes	60,402	(2,005)	(1,401)	(2,027)	(1,579)
Net income (loss)	\$ 37,888	\$ 1,268	\$ (16,873)	\$ (7,865)	\$ (32,471)
Per Share Data:					
Net income (loss) per share					
Basic	\$ 1.24	\$ 0.04	\$ (0.59)	\$ (0.27)	\$ (1.35)
Diluted	\$ 1.13	\$ 0.04	\$ (0.59)	\$ (0.27)	\$ (1.35)
Weighted average shares used in computing net income (loss) per share					
Basic	30,549,979	28,712,622	28,712,622	28,712,194	24,106,380
Diluted	33,499,820	29,564,795	28,712,622	28,712,194	24,106,380
Consolidated Statement of Cash Flows Data:					
Net cash provided by operating activities	\$ 29,842	\$ 12,528	\$ 19,700	\$ 19,409	\$ 6,454
Net cash used in investing activities	(13,979)	(10,154)	(13,787)	(14,993)	(3,709)
Net cash provided by (used in) financing activities	8,947	(1,443)	(10,385)	(1,920)	(6,469)

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	Thirty-Nine Weeks Ended	Fiscal Year Ended(1)	
	September 24, 2014	2013	2012
Balance Sheet Data—Consolidated (at period end):			
Cash and cash equivalents	\$ 41,825	\$ 17,015	\$ 21,487
Net property(2)	79,806	68,641	64,808
Total assets	477,025	416,500	417,898
Total debt(3)	188,720	289,242	274,621
Total stockholders' equity	\$ 199,332	48,536	64,587

(1) We use a 52- or 53-week fiscal year ending on the last Wednesday of each calendar year. Fiscal 2013, fiscal 2012 and fiscal 2011 ended on December 25, 2013, December 26, 2012 and December 28, 2011, respectively. 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. Approximately every six or seven years a 53-week fiscal year occurs. Fiscal 2013, fiscal 2012 and fiscal 2011 were 52-week fiscal years.

(2) Net property consists of property owned, net of accumulated depreciation and amortization.

(3) Total debt consists of borrowings under our First Lien Credit Agreement and Second Lien Credit Agreement (as defined under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt and Other Obligations—Senior Secured Credit Facilities") and capital lease obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the "Selected Historical Consolidated Financial Data," and our consolidated financial statements and related notes thereto included elsewhere in this prospectus. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors." We assume no obligation to update any of these forward-looking statements.

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 2011, fiscal 2012 and fiscal 2013, which were 52-week years, ended on December 28, 2011, December 26, 2012 and December 25, 2013, respectively. Fiscal 2014 is a 53-week year, which may cause our revenue, expenses, and other results of operations to be higher due to an additional week of operations.

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 LSR segment. We believe we offer the quality of food typical of fast casual restaurants while providing the speed, convenience and value typical of traditional QSRs, 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, sides, and, throughout the year, on a limited-time basis, alternative proteins like shrimp, carnitas and beef. Our entrees include favorites such 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 freshly prepared salsas and dressings are prepared daily allowing our customers to create their favorite flavor profiles to enhance their culinary experience. Our distinctive menu with healthier alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced day-part mix.

Growth Strategies and Outlook

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 our comparable restaurant sales; and
- enhance operations and leverage our infrastructure.

We believe we are in the early stages of our growth story with 405 current locations in five states, as of September 24, 2014, and estimate, based on internal analysis and a study prepared by Buxton Co., a long-term total restaurant potential in the United States of approximately 2,300 locations. For the year ended December 25, 2013, we opened two new company-operated and five new franchised restaurants, and in 2014 we intend to open ten to eleven new company-operated and four new franchised restaurants across California, Nevada and Texas. Over the long term, we plan to grow the number of El Pollo Loco restaurants by 8% to 10% annually. To increase comparable restaurant sales, we plan to increase customer frequency, attract new customers and improve per person spend. We believe we are well positioned for future growth, with a developed corporate infrastructure capable of supporting a future restaurant base that is greater than our existing one. Additionally, we believe we have an opportunity to optimize costs and enhance our profitability as we benefit from economies of scale. These growth rates are not guaranteed.

Highlights and Trends

Comparable Restaurant Sales

For the thirty-nine weeks ending September 24, 2014, fiscal 2013 and fiscal 2012, comparable restaurant sales system-wide increased 6.8%, 7.0% and 9.9%, respectively. Comparable restaurant sales growth reflects the change in year-over-year sales for the comparable restaurant base. A restaurant enters our comparable restaurant base the first full week after its 15-month anniversary. System-wide comparable restaurant sales include restaurant sales at all comparable company-operated restaurants and at all comparable franchised restaurants, as reported by franchisees. Comparable restaurant sales at company-operated restaurants increased 5.6% for the thirty-nine weeks ending September 24, 2014, 5.3% for fiscal 2013, and 8.6% for fiscal 2012. The increase in company-operated comparable restaurant sales for the thirty-nine weeks ended September 24, 2014 was primarily the result of an increase in average check size of 3.3% and an increase in traffic of 2.3% compared to the thirty-nine weeks ended September 25, 2013. The increase in company-operated comparable restaurant sales in 2013 was driven by an increase in average check size of 2.7% and by traffic growth of 2.6%. In 2012, the increases in average check size and in transactions growth were 6.0% and 2.6%, respectively, for company-operated restaurants in our comparable base. Comparable restaurant sales at franchised restaurants increased 7.7%, 8.8% and 11.0% for the thirty-nine weeks ending September 24, 2014, fiscal 2013 and fiscal 2012, respectively.

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	Fiscal Year Ended		
	September 24, 2014	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
Total 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

Since 2011 we have focused on repositioning our brand, improving operational efficiency and brand awareness, strengthening our management team, and refinancing our indebtedness in preparation for future growth. New restaurant development is expected to be a key driver of our growth strategy. We plan to open an estimated ten to eleven company-operated restaurants in fiscal 2014. Additionally, we estimate that our franchisees will open four new restaurants in fiscal 2014. From time to time we and our franchisees close restaurants and we anticipate closing one to two company-operated restaurants in fiscal 2014.

Restaurant Remodeling

We and our franchisees commenced our remodeling program in 2011 and, as of September 24, 2014, together we have remodeled 86 company-operated and 111 franchised restaurants, or 197 system-wide. We expect to have remodeled over 50% of our restaurant system by the end of 2014. Remodeling is a use of cash and has implications for our net property and depreciation line items on our consolidated balance sheets and statements of operations, among others. The cost of our restaurant remodels varies depending on the scope of work required, but on average the investment is \$270,000 per restaurant. We believe our remodeling program will result in higher restaurant revenue and a strengthened brand.

2013 Refinancing

In October 2013, we refinanced our \$12.5 million first lien revolving credit facility, \$170 million first lien term loan facility and \$105 million 17% Second Priority Senior Secured Notes due 2018 (the “2018 Notes”) by entering into a \$15 million first lien Revolving Credit Facility, a \$190 million First Lien Term Loan Facility, and a \$100 million Second Lien Term Loan (each, as defined under “—Liquidity and Capital Resources—Debt and Other Obligations—Senior Secured Credit Facilities” below, and, collectively, the “2013 Refinancing”). These credit facilities carried longer maturities and lower interest rates than the indebtedness that they replaced. Following the completion of the 2013 Refinancing, our interest expense declined by approximately \$17.8 million on an annualized basis or approximately 49% of our \$36.3 million of interest expense for fiscal 2013. We repaid in full the Second Lien Term Loan with the majority of the net proceeds from our IPO.

Key Performance Indicators

To evaluate the performance of our business, we utilize a variety of financial and performance measures. These key measures include company-operated restaurant revenue, comparable restaurant sales, company-operated average unit volumes, restaurant contribution and restaurant contribution margin, new restaurant openings, EBITDA and Adjusted EBITDA.

Company-Operated Restaurant Revenue

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

Seasonal factors and the timing of holidays 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. As a result of seasonality, our quarterly and annual results of operations and key performance indicators such as company restaurant revenue and comparable restaurant sales may fluctuate.

Comparable Restaurant Sales

We closely monitor company, franchise and total system comparable restaurant sales. Comparable restaurant sales reflect the change in year-over-year sales for the comparable company, franchise and total system restaurant base. We define comparable restaurant base to include those restaurants open for 15 months or longer. As of September 24, 2014, December 25, 2013, December 26, 2012 and December 28, 2011, there were 165, 161, 164 and 167 restaurants, respectively, in our comparable company-operated restaurant base. As of September 24, 2014, December 25, 2013, December 26, 2012 and December 28, 2011, there were 229, 227, 229 and 229 restaurants, respectively, in our comparable franchise-operated restaurant base. This measure highlights the performance of existing restaurants as the impact of new restaurant openings is excluded. Comparable restaurant sales growth can be generated by an increase in the number of meals sold and/or by increases in the average check amount resulting from a shift in menu mix and/or higher prices resulting from new products or price increases.

Company-Operated Average Unit Volumes

We measure company-operated 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

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the following methodology: First, we divide our total net sales for all company-operated restaurants for the fiscal year by the total number of restaurant operating weeks during the same period. Second, we annualize that average weekly per-restaurant sales figure by multiplying it by 52. An operating week is defined as a restaurant open for business over a seven day period from Thursday to Wednesday. This measurement allows management to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

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 of our restaurants and our calculations thereof may not be comparable to those reported by other companies. Restaurant contribution and restaurant contribution margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Management believes that restaurant contribution and restaurant contribution margin are important tools for investors because they are widely-used metrics within 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 compared with our competitors. See “Prospectus Summary—Summary Consolidated Financial and Other Data” for a reconciliation of restaurant contribution to company-operated restaurant revenue.

New Restaurant Openings

The number of restaurant openings reflects the number of new restaurants opened by us and our franchisees during a particular reporting period. Before a new restaurant opens, we and our franchisees incur pre-opening costs, as described below. New restaurants often open with an initial start-up period of higher than normal sales volumes, which subsequently decrease to stabilized levels. New restaurants typically experience normal inefficiencies in the form of higher food and paper, labor and other direct operating expenses and, as a result, restaurant contribution margins are generally lower during the start-up period of operation. The average start-up period after which our new restaurants’ revenue and expenses normalize is approximately 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 (loss) before interest expense, benefit (provision) for income taxes, depreciation and amortization. Adjusted EBITDA represents net income (loss) before interest expense, benefit (provision) 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 as presented in this prospectus are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as a measure of our liquidity. 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 limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. 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, or the cash requirements necessary to service interest or principal payments, on our debt, (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements,

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(v) they do not adjust for all non-cash income or expense items that are reflected in our statements of cash flows, (vi) they do not reflect the impact of earnings or charges resulting from matters we consider not 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 providing specific information regarding the GAAP amounts excluded from such non-GAAP financial measures. We further compensate for the limitations in our use of non-GAAP financial measures by presenting comparable GAAP measures more prominently.

We believe EBITDA and Adjusted EBITDA facilitate operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present EBITDA and Adjusted EBITDA because (i) we believe these measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use EBITDA and Adjusted EBITDA internally as benchmarks to compare our performance to that of our competitors.

The following table sets forth reconciliations of EBITDA and Adjusted EBITDA to our net income (loss):

	Thirty-Nine Weeks Ended		Fiscal Year Ended		
	September 24, 2014	September 25, 2013	2013	2012	2011
	(Amounts in thousands)				
Net income (loss)	\$ 37,888	\$ 1,268	\$ (16,873)	\$ (7,865)	\$ (32,471)
Non-GAAP adjustments:					
(Benefit) provision for income taxes	(60,402)	2,005	1,401	2,027	1,579
Interest expense, net	15,286	29,443	36,334	38,890	37,715
Depreciation and amortization	8,271	7,570	10,213	9,530	9,615
EBITDA	\$ 1,043	\$ 40,286	\$ 31,075	\$ 42,582	\$ 16,438
Stock based compensation expense(a)	635	191	822	860	40
Management fees(b)	343	465	624	612	674
Loss on disposal of assets(c)	609	734	868	966	197
Impairment and closures(d)	415	126	(101)	1,494	2,014
Early extinguishment of debt(e)	5,082	—	21,530	—	20,173
Gain on sale of restaurants(f)	(2,658)	—	—	—	—
Income tax receivable agreement expense(g)	40,119	—	—	—	—
Tax credit expense(h)	316	—	—	—	—
Pre-opening costs(i)	673	198	201	320	—
Adjusted EBITDA	\$ 46,577	\$ 42,000	\$ 55,019	\$ 46,834	\$ 39,536

(a) Includes non-cash, stock-based compensation.

(b) Includes management fees and other out-of-pocket costs paid to affiliates of Trimaran and Freeman Spogli.

(c) Loss on disposal of assets includes the loss on disposal of assets related to retirements and replacement or write-off of leasehold improvements or equipment.

(d) Includes costs related to impairment of long-lived assets and closing restaurants. In 2013, we reversed a portion of the close-store reserves established in 2012, due to our subleasing, in 2013, of one of the reserved restaurants at a lower net cost than originally estimated.

(e) Includes costs associated with our debt refinancing transactions in July 2011 and October 2013 and the repayment of our Second Lien Term Loan with a portion of the proceeds of our IPO in July 2014.

(f) On September 24, 2014, we completed an agreement to sell six company-operated restaurants in the greater San Antonio area. This sale resulted in cash proceeds of \$5.4 million, a decrement to goodwill of \$650,000 and a net gain of \$2.7 million. These six restaurants will now be franchised.

(g) On July 30, 2014, we entered into an income tax receivable agreement. This agreement 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.

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- (h) Consists of the cost to obtain the tax credits recorded in the third quarter of 2014. \$5.4 million of tax benefits were recorded to tax provision in the quarter.
- (i) 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 date of possession and opening date of our restaurants.

Key Financial Definitions

Revenue

Our revenue is derived from two primary sources: company-operated restaurant revenue and franchise revenue, the latter of which is comprised primarily of 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 associated with food, beverage and packaging of our menu items. The components of food and paper costs are variable in nature, change with sales volume, are impacted by menu mix and are subject to increases or decreases in commodity costs.

Labor and Related Expenses

Labor and related expenses include wages, payroll taxes, workers' compensation expense, benefits and bonuses paid to our restaurant management teams. Like other expense items, we expect labor costs to grow proportionately as our restaurant revenue grows. Factors that influence labor costs include minimum wage and payroll tax legislation, the frequency and severity of workers' compensation claims, health care costs and the performance of our restaurants.

Occupancy Costs and Other Operating Expenses

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

General and Administrative Expenses

General and administrative expenses is comprised of expenses associated with corporate and administrative functions that support the development and operations of our restaurants, including compensation and benefits, travel expenses, stock compensation costs, legal and professional fees and other related corporate costs. Also included are 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 are primarily comprised of rent expenses incurred on properties leased by us and then sublet to franchisees and expenses incurred in support of franchisee information technology systems.

Depreciation and Amortization

Depreciation and amortization primarily consists of the depreciation of fixed assets, including leasehold improvements and equipment.

Loss on Disposal of Assets

Loss on disposal of assets includes the loss on disposal of assets related to retirements and replacement or write-off of leasehold improvements or equipment.

Asset Impairment and Close-Store Reserves

We review long-lived assets such as property, equipment and intangibles on a unit-by-unit basis for impairment when events or circumstances indicate a carrying value of the assets that may not be recoverable and record an

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impairment charge when appropriate. Closure costs include non-cash restaurant charges such as up-front expensing of unpaid rent remaining on the 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 the related debt.

Early Extinguishment of Debt

In October 2013, we refinanced our existing debt by entering into new revolving, first lien, and second lien credit facilities. These senior secured credit facilities carried longer maturities and lower interest rates than the indebtedness they replaced. The proceeds from our IPO in July 2014 were primarily used to repay the second lien credit facility. As a result of the 2013 Refinancing and the repayment of the second lien credit facility, we incurred charges for prepayment penalties and fees, call premium, accelerated accretion, and write-off of deferred financing costs and fees, and of unamortized discount.

In July 2011, we refinanced our outstanding \$12.5 million first lien revolving credit facility, 11.75% Senior Secured Notes due 2012, 11.75% Senior Notes due 2013 and 14.5% Senior Discount Notes due 2014 with a \$12.5 million first lien revolving credit facility, \$170 million first lien term loan facility and \$105 million 17% Second Priority Senior Secured Notes due 2018.

Benefit (Provision) for Income Taxes

Benefit (provision) for income taxes consists of federal and state taxes on our income.

Results of Operations

Thirty-Nine Weeks Ended September 24, 2014 Compared to Thirty-Nine Weeks Ended September 25, 2013

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

	Thirty-Nine Weeks Ended					
	September 24, 2014		September 25, 2013		Increase / (Decrease)	
	(\$,000)	(%)	(\$,000)	(%)	(\$,000)	(%)
Statement of Operations Data:						
Revenue						
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
Cost of operations						
Food and paper costs	75,834	29.8	70,608	29.6	5,226	7.4
Labor and related expenses	59,552	23.4	57,260	24.0	2,292	4.0
Occupancy and other operating expenses	51,091	20.0	47,791	20.0	3,300	6.9
Company restaurant expenses	186,477	73.2	175,659	73.7	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	—
Income (loss) before benefit (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 (loss)	\$ 37,888	14.9	\$ 1,268	0.5	\$ 36,620	2,888.0

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Company-Operated Restaurant Revenue

For the thirty-nine weeks ended September 24, 2014, 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 3.3% and an increase in traffic of 2.3% compared to the thirty-nine weeks ended September 25, 2013. 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 thirty-nine weeks ended September 24, 2014, franchise revenue increased \$1.0 million, or 6.6%. This increase was due primarily to increases in franchised comparable restaurant sales of 7.7%.

Food and Paper Costs

For the thirty-nine weeks ended September 24, 2014, 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. This increase was due primarily to higher revenue and to higher commodity costs. For the thirty-nine weeks ended September 24, 2014, food and paper costs as a percentage of company-operated restaurant revenue were 31.8%, compared to 31.7% in the thirty-nine weeks ended September 25, 2013. This increase was due primarily to higher commodity costs, but was 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 \$2.3 million, or 4.0%, for the thirty-nine weeks ended September 24, 2014, compared to the thirty-nine weeks ended September 25, 2013. This increase was due primarily to increased labor costs resulting from higher sales, partially offset by lower medical insurance costs, due to lower claims activity. Year-to-date, payroll and benefit expenses as a percentage of company-operated restaurant revenue were 25.0%, compared to 25.7% in the thirty-nine weeks ended September 25, 2013. This decrease was 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 \$3.3 million, or 6.9%, for the thirty-nine weeks ended September 24, 2014, compared to the thirty-nine weeks ended September 25, 2013. This increase for the year-to-date period was due primarily to (i) a \$1.0 million increase in utility costs, due primarily to higher gas and electric costs, (ii) a \$1.2 million increase 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 quarter of 2014, and (iii) a \$0.9 million increase 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. Occupancy and other operating expenses as a percentage of company-operated restaurant revenue were 21.4% for both the thirty-nine weeks ended September 24, 2014 and the thirty-nine weeks ended September 25, 2013.

General and Administrative Expenses

General and administrative expenses increased \$2.2 million, or 11.8% for the thirty-nine weeks ended September 24, 2014, compared to the thirty-nine weeks ended September 25, 2013. The increase was due primarily to (i) a \$0.7 million increase 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) a \$0.8 million increase in professional fees, due primarily to costs associated with our IPO and with securing federal and state tax credits, (iii) a \$0.5 million increase in restaurant opening costs, due primarily to increased company-operated restaurant openings in 2014 as compared to 2013, and (iv) a \$0.4 million increase 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. The increase in general and administrative expenses was partially offset by decreases in legal costs, primarily due to lower legal claims activity. For the thirty-nine weeks ended September 24, 2014, general and administrative expenses as a percentage of total revenue were 8.2%, compared to 7.9% in the thirty-nine weeks ended September 25, 2013. This increase was due primarily to the higher costs noted above, partially offset by increased revenue.

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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, 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 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 for the development of twelve restaurants in the Houston area.

Interest Expense, Net

Interest expense, net, decreased \$14.2 million for the thirty-nine weeks ended September 24, 2014, compared to the thirty-nine weeks ended September 25, 2013. This decrease was 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 this repayment, 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 unamortized discount.

Tax Receivable Agreement

On July 30, 2014, we entered into an income tax receivable agreement (see “Certain Relationships and Related Party Transactions—Income Tax Receivable Agreement”). This agreement 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 agreement, we 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 estimated tax receivable agreement payments.

Benefit (provision) for Income Taxes

For the thirty-nine weeks ended September 24, 2014, we recorded an income tax benefit of \$60.4 million, compared to an income tax provision of \$2.0 million in the thirty-nine weeks ended September 25, 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 ended 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.

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Fiscal Year 2013 Compared to Fiscal Year 2012

Our operating results for the fiscal years ended December 25, 2013 and December 26, 2012 in absolute terms and expressed as a percentage of total revenue are compared below:

	Fiscal Year Ended					
	2013		2012		Increase / (Decrease)	
	(\$,000)	(%)	(\$,000)	(%)	(\$,000)	(%)
Statement of Operations Data:						
Revenue						
Company-operated restaurant revenue	\$294,327	93.5	\$274,928	93.6	\$19,399	7.1
Franchise revenue	20,400	6.5	18,682	6.4	1,718	9.2
Total revenue	314,727	100.0	293,610	100.0	21,117	7.2
Cost of operations						
Food and paper costs	93,589	29.7	85,428	29.1	8,161	9.6
Labor and related expenses	75,669	24.0	73,406	25.0	2,263	3.1
Occupancy and other operating expenses	63,150	20.1	61,636	21.0	1,514	2.5
Company restaurant expenses	232,408	73.8	220,470	75.1	11,938	5.4
General and administrative expenses	25,506	8.1	24,451	8.3	1,055	4.3
Franchise expenses	3,841	1.2	3,647	1.2	194	5.3
Depreciation and amortization	10,213	3.2	9,530	3.2	683	7.2
Loss on disposal of assets	868	0.3	966	0.3	(98)	(10.1)
Asset impairment and close-store reserves	(101)	(0.0)	1,494	0.6	(1,595)	(106.8)
Total expenses	272,735	86.6	260,558	88.7	12,177	4.7
Gain on disposal of restaurant	400	0.1	—	—	400	—
Income from operations	42,392	13.5	33,052	11.3	9,340	28.3
Interest expense, net	36,334	11.5	38,890	13.3	(2,556)	(6.6)
Early extinguishment of debt	21,530	6.9	—	—	21,530	—
Loss before provision for income taxes	(15,472)	(4.9)	(5,838)	(2.0)	(9,634)	165.0
Provision for income taxes	(1,401)	(0.4)	(2,027)	(0.7)	626	(30.9)
Net loss	\$ (16,873)	(5.3)	\$ (7,865)	(2.7)	\$ (9,008)	114.5

Company-Operated Restaurant Revenue

Company-operated restaurant revenue increased \$19.4 million, or 7.1%, for fiscal 2013, primarily due to an increase in company-operated comparable restaurant sales of \$14.1 million, or 5.3%. The growth in company-operated comparable sales was primarily the result of an increase in average check size of 2.7% and an increase in traffic of 2.6% compared to the prior year. Company-operated restaurant revenue was also favorably impacted by \$6.8 million of additional sales from restaurants not in the comparable restaurant base. This increase was partially offset by \$2.4 million of lost sales from the closure of certain restaurants in fiscal 2013.

Franchise Revenue

Franchise revenue increased \$1.7 million, or 9.2%, for fiscal 2013, primarily due to higher franchised comparable restaurant sales of 8.8%, \$0.2 million in higher franchise fees due to five new franchised restaurants that opened in fiscal 2013 and franchise agreement renewal fees. This increase was partially offset by the negative impacts of the closure of three franchised restaurants in fiscal 2012 and of one closure in fiscal 2013.

Food and Paper Costs

Food and paper costs increased \$8.2 million for fiscal 2013, consisting of a \$7.5 million increase in food costs and a \$0.7 million increase in paper costs. The increase in food and paper costs was primarily due to higher revenue and higher product costs related to chicken and packaging. Food and paper costs as a percentage of total revenue were

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29.7% for fiscal 2013 compared to 29.1% for fiscal 2012. The percentage increase resulted primarily from food cost inflation and increases in packaging costs, partially offset by menu price increases.

Labor and Related Expenses

Payroll and benefit expenses increased \$2.3 million for fiscal 2013, primarily due to increased labor costs resulting from higher sales and additional labor needs arising from the opening of two new restaurants in fiscal 2013 and four new restaurants in fiscal 2012. This increase was partially offset by decreased labor needs relating to three restaurants that closed in fiscal 2013, and by a \$0.3 million decrease in group health insurance expense due to lower year-over-year medical claims. Payroll and benefit expenses as a percentage of total revenue were 24.0% for fiscal 2013 compared to 25.0% for fiscal 2012. This decrease was primarily due to an increase in revenue, the relatively fixed nature of labor costs and the decrease in group health insurance expense noted above.

Occupancy and Other Operating Expenses

Occupancy and other operating expenses increased \$1.5 million for fiscal 2013, primarily due to an increase in operating expenses, resulting primarily from a \$0.8 million increase in operating supply costs and credit and debit card processing fees primarily due to higher sales and a higher percentage of credit card transactions, a \$0.7 million increase in advertising costs primarily due to higher company-operated restaurant revenue, and a \$0.4 million increase in occupancy expense primarily due to the new restaurants that opened in fiscal 2013 and fiscal 2012. These increases were partially offset by decreases in utilities, primarily due to lower natural gas costs, and repairs and maintenance costs. Occupancy and other operating expenses as a percentage of total revenue were 20.1% for fiscal 2013 compared to 21.0% for fiscal 2012. This decrease was primarily due to higher restaurant revenue, partially offset by the higher expenses discussed above.

General and Administrative Expenses

General and administrative expenses increased \$1.1 million for fiscal 2013, primarily due to a \$0.6 million increase in legal fees due to an increase in litigation activity, a \$0.4 million increase in payroll expense primarily due to the upgrade of various administrative positions to higher salary levels, and higher severance costs due to the departure of one of our senior managers. These increases were partially offset by a decrease in group health insurance primarily due to a decrease in claims. General and administrative expense as a percentage of total revenue was 8.1% for fiscal 2013 compared to 8.3% for fiscal 2012. This decrease was primarily due to higher total revenue, partially offset by the increase in general and administrative expenses discussed above.

Franchise Expenses

Franchise expense increased by \$0.2 million for fiscal 2013, primarily due to higher lease expense resulting from increased rents tied to percentage of sales calculations.

Depreciation and Amortization

Depreciation and amortization increased \$0.7 million for fiscal 2013, primarily due to the increase in the number of new restaurants and additional equipment related to our remodeling program, partially offset by the closure of three company-operated restaurants in fiscal 2013. Depreciation and amortization as a percentage of total revenue was 3.2% for both fiscal 2013 and fiscal 2012.

Asset Impairment and Close-Store Reserves

Asset impairment and close-store reserve expense decreased \$1.6 million to a gain of \$0.1 million for fiscal 2013, primarily due to a decrease of \$1.6 million in close-store reserves. The 2012 close-store reserve expense resulted from the establishment of a reserve for four restaurants that were anticipated to be closed, while the 2013 gain resulted from the partial reversal in 2013 of the 2012 reserve costs, due to our subleasing one of the reserved restaurants at a lower net cost than originally estimated.

Gain on Disposal of Restaurant

During fiscal 2013, a \$0.4 million gain was recognized relating to a restaurant that was closed as a result of an eminent domain purchase by the State of California.

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Interest Expense, Net

Interest expense, net, decreased \$2.6 million for fiscal 2013, primarily due to a reduction in interest rates on our debt resulting from the 2013 Refinancing. Our current senior secured credit facilities carry longer maturities and lower interest rates than the indebtedness they replaced.

Early Extinguishment of Debt

We recorded a \$21.5 million charge in fiscal 2013 relating to the early extinguishment of debt. This charge resulted from call premiums of \$7.9 million, a write-off of deferred financing costs of \$8.4 million and accelerated accretion of \$5.2 million resulting from the 2013 Refinancing. As a result of the 2013 Refinancing, we incurred banking fees, early repayment penalties and other related costs.

Provision for Income Taxes

Despite having a net loss in both fiscal 2013 and fiscal 2012, our provision for income taxes consisted of income tax expense of \$1.4 million for fiscal 2013 and \$2.0 million for fiscal 2012, primarily related to the effect of changes in our deferred taxes and the related effect of maintaining a full valuation allowance against certain of our deferred tax assets as of December 25, 2013, and December 26, 2012.

Fiscal Year 2012 Compared to Fiscal Year 2011

Our operating results for the fiscal years ended December 26, 2012 and December 28, 2011 in absolute terms and expressed as a percentage of total revenue are compared below:

	Fiscal Year Ended					
	2012		2011		Increase / (Decrease)	
	(\$,000)	(%)	(\$,000)	(%)	(\$,000)	(%)
Statement of Operations Data:						
Revenue						
Company-operated restaurant revenue	\$274,928	93.6	\$255,361	93.5	\$ 19,567	7.7
Franchise revenue	18,682	6.4	17,877	6.5	805	4.5
Total revenue	293,610	100.0	273,238	100.0	20,372	7.5
Cost of operations						
Food and paper costs	85,428	29.1	78,873	28.9	6,555	8.3
Labor and related expenses	73,406	25.0	69,584	25.5	3,822	5.5
Occupancy and other operating expenses	61,636	21.0	59,269	21.7	2,367	4.0
Company restaurant expenses	220,470	75.1	207,726	76.0	12,744	6.1
General and administrative expenses	24,451	8.3	22,828	8.4	1,623	7.1
Franchise expenses	3,647	1.2	3,862	1.4	(215)	(5.6)
Depreciation and amortization	9,530	3.2	9,615	3.5	(85)	(0.9)
Loss on disposal of assets	966	0.3	197	0.1	769	390.4
Asset impairment and close-store reserves	1,494	0.6	2,014	0.7	(520)	(25.8)
Total expenses	260,558	88.7	246,242	90.1	14,316	5.8
Income from operations	33,052	11.3	26,996	9.9	6,056	22.4
Interest expense, net	38,890	13.3	37,715	13.8	1,175	3.1
Early extinguishment of debt	—	—	20,173	7.4	(20,173)	(100.0)
Loss before provision for income taxes	(5,838)	(2.0)	(30,892)	(11.3)	25,054	(81.1)
Provision for income taxes	(2,027)	(0.7)	(1,579)	(0.6)	(448)	28.4
Net loss	\$ (7,865)	(2.7)	\$ (32,471)	(11.9)	\$ 24,606	(75.8)

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Company-Operated Restaurant Revenue

Company-operated restaurant revenue increased \$19.6 million, or 7.7%, for fiscal 2012, primarily due to an increase in company-operated comparable restaurant sales of \$21.4 million, or 8.6%. The growth in company-operated comparable restaurant sales was primarily due to an increase in average check size of 6.0% and an increase in traffic of 2.6% compared to the prior year. Restaurant revenue was also favorably impacted by \$2.5 million of additional sales from restaurants not in the comparable restaurant base. This was partially offset by \$3.2 million of lost sales from restaurants that closed in fiscal 2011. No company-operated restaurants were closed in fiscal 2012.

Franchise Revenue

Franchise revenue increased \$0.8 million, or 4.5%, for fiscal 2012, primarily due to a \$1.2 million increase in royalty income primarily due to higher franchised comparable restaurant sales of 11.0%. This increase was partially offset by the closure of 12 franchised restaurants in fiscal 2011, three closures in fiscal 2012 and a \$0.4 million reduction in franchise development fees.

Food and Paper Costs

Food and paper costs increased \$6.6 million for fiscal 2012, consisting of a \$5.5 million increase in food costs and a \$1.1 million increase in paper costs. The increase in food and paper costs resulted primarily from higher revenue and higher product costs related to chicken and packaging. Food and paper costs as a percentage of total revenue were 29.1% for fiscal 2012 compared to 28.9% for fiscal 2011. The percentage increase resulted primarily from food cost inflation and increases in packaging costs, partially offset by menu price increases.

Labor and Related Expenses

Payroll and benefit expenses increased \$3.8 million for fiscal 2012, primarily due to higher labor costs relating to increased sales volumes, and a \$1.3 million increase in workers' compensation expense due to higher payments and reserves required to cover various prior year claims. Increases in labor costs were partially offset by a \$0.2 million decrease in group health insurance due to lower year-over-year medical claims. Payroll and benefit expenses as a percentage of total revenue were 25.0% for fiscal 2012 compared to 25.5% for fiscal 2011. This decrease was primarily due to the leveraging effect of an increase in restaurant revenue, partially offset by the increase in workers' compensation expense discussed above.

Occupancy and Other Operating Expenses

Occupancy and other operating expenses increased \$2.4 million for fiscal 2012, primarily due to a \$0.9 million increase in advertising costs as a result of higher company-operated restaurant revenue, a \$0.6 million increase in repair and maintenance expense, a \$1.0 million increase in other operating expenses primarily due to higher operating supply costs and to credit and debit card processing fees primarily due to higher sales and a higher percentage of credit card transactions, and a \$0.3 million increase in occupancy costs primarily due to higher general liability claims compared to the prior year. These increases were partially offset by lower utilities costs, primarily due to lower natural gas costs. Occupancy and other operating expenses as a percentage of total revenue were 21.0% for fiscal 2012 compared to 21.7% for fiscal 2011. This decrease was primarily due to higher restaurant revenue, partially offset by the higher expenses discussed above.

General and Administrative Expenses

General and administrative expenses increased \$1.6 million for fiscal 2012, primarily due to a \$1.4 million increase in compensation expense as a result of increased profitability in fiscal 2012, a \$0.3 million increase in restaurant opening expense, a \$0.2 million increase in legal fees due to higher claims activity, and a \$0.8 million increase in stock compensation expense due primarily to a grant of new stock options in fiscal 2012. These increases were partially offset by a \$0.3 million decrease in outside services due to a reduction in consulting fees, a \$0.2 million decrease in group health insurance primarily due to lower claims activity, and a \$0.6 million reduction in payroll expense primarily due to a decrease in severance expense. General and administrative expense as a percentage of total revenue was 8.3% in fiscal 2012 compared to 8.4% in fiscal 2011 resulting primarily from higher revenue partially offset by the increase in general and administrative expenses discussed above.

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Franchise Expenses

Franchise expense decreased \$0.2 million for fiscal 2012, primarily due to a \$0.4 million decrease in lease expense relating to subleased restaurants, partially offset by a \$0.2 million increase in point-of-sales expenses to support more franchisees utilizing our point-of-sales system. Franchise expense as a percentage of total revenue was 1.2% for fiscal 2012 compared with 1.4% for fiscal 2011. This decrease was due to higher total revenue and to lower franchise expense, as discussed above.

Depreciation and Amortization

Depreciation and amortization decreased \$0.1 million for fiscal 2012, primarily due to assets being fully depreciated and to the closure of six company-operated restaurants in fiscal 2011, partially offset by depreciation on equipment related to our restaurant remodeling program and four new company-operated restaurants that opened in fiscal 2012. Depreciation and amortization as a percentage of total revenue decreased to 3.2% for fiscal 2012 compared with 3.5% for fiscal 2011, primarily due to higher total revenue and the lower depreciation on restaurant equipment discussed above.

Loss on Disposal of Assets

Loss on disposal of assets was \$1.0 million for fiscal 2012 compared to \$0.2 million for fiscal 2011. This increase was primarily due to increased asset disposals as a result of an increase in the number of restaurants remodeled in fiscal 2012 compared to fiscal 2011.

Asset Impairment and Close-Store Reserves

Asset impairment and close-store reserve expense decreased \$0.5 million for fiscal 2012, primarily due to a decrease in non-cash impairment charges recorded to reduce the carrying values of certain assets to their estimated fair market values, partially offset by an increase in close-store reserve for costs related to one restaurant that was closed and for three restaurants which were being marketed for sublease. Asset impairment and close-store reserve as a percentage of total revenue decreased to 0.6% for fiscal 2012 compared with 0.7% for fiscal 2011. This decrease was due to higher total revenue and to the lower impairment and close-store expenses discussed above.

Interest Expense, Net

Interest expense, net, increased \$1.2 million for fiscal 2012, primarily due to an increase in our average debt balances, the accretion of the 2018 Notes, which were issued at 3% discounts in conjunction with our debt refinancing on July 14, 2011, an increase in our weighted average interest rate after the debt refinancing, and an adjustment to market of our interest rate cap hedging agreement, purchased in conjunction with the requirements of our credit agreements.

Early Extinguishment of Debt

We recorded a \$20.2 million charge in fiscal 2011 relating to the early extinguishment of debt. This charge resulted from call premiums of \$12.7 million, a write-off of deferred financing costs of \$6.1 million and accelerated accretion of \$1.5 million on our outstanding 11.75% Senior Secured Notes due 2012, 11.75% Senior Notes due 2013 and 14.5% Senior Discount Notes due 2014 that were tendered pursuant to our refinancing on July 14, 2011. No such charge was incurred in fiscal 2012.

Provision for Income Taxes

Despite having a net loss in both fiscal 2012 and fiscal 2011, our provision for income taxes consisted of income tax expense of \$2.0 million for fiscal 2012 and \$1.6 million for fiscal 2011, primarily related to the effect of changes in our deferred taxes and the related effect of maintaining a full valuation allowance against certain of our deferred tax assets as of December 26, 2012, and December 28, 2011.

Quarterly Financial Data

The following table presents select historical quarterly consolidated statements of operations data and other operations data through September 2014. This quarterly information has been prepared using our unaudited consolidated financial statements and includes all adjustments consisting only of normal recurring adjustments necessary for a fair presentation of the results of the interim periods.

(Dollar amounts in thousands)	Fiscal Quarter Ended (Unaudited)										
	2014			2013				2012			
	Sept.	June	Mar.	Dec.	Sept.	June	Mar.	Dec.	Sept.	June	Mar.
Selected Financial Data											
Total revenue (\$)	86,557	86,904	81,427	76,238	79,767	81,727	76,995	72,071	76,335	74,723	70,481
Income from Operations (\$)	13,621	12,842	11,510	9,676	10,651	12,181	9,884	5,203	8,947	9,235	9,667
Net income (loss) (\$)	25,849 ⁽²⁾⁽⁵⁾	6,569 ⁽²⁾	5,470 ⁽²⁾	(18,141) ⁽³⁾	918	410	(60)	(6,120) ⁽⁴⁾	(1,016)	(524)	(205)
Adjusted EBITDA (\$)	15,153	16,555	14,869	13,016	13,725	15,391	12,887	9,889	12,116	12,563	12,266
Selected Operating Data											
Number of restaurants (at period end)											
Company-operated	166	168	168	168	168	167	169	169	169	165	165
Franchised	239	233	233	233	231	231	229	229	229	229	230
System-wide	405	401	401	401	399	398	398	398	398	394	395
Average unit volume (company-operated) ⁽¹⁾	1,893	1,927	1,813	1,707	1,772	1,833	1,718	1,590	1,721	1,705	1,608
Comparable restaurant sales growth (%)											
Company-operated	6.4	5.0	5.4	5.4	2.2	6.9	6.7	6.8	10.1	8.5	8.8
Franchised	9.1	5.9	8.3	7.7	5.4	11.7	10.5	10.4	13.2	10.2	9.9
System-wide	7.9	5.4	7.2	6.5	3.7	9.6	8.5	8.6	12.0	9.5	9.5
Restaurant contribution margin (%)	20.7	22.6	22.1	20.4	20.7	22.5	20.5	18.0	19.6	20.3	21.3

(1) AUVs consist of average annualized sales of all company-owned restaurants over the fiscal quarter.

(2) The 2013 Refinancing and repayment of the Second Lien Term Loan with a portion of the proceeds of our IPO resulted in lower interest rates on our indebtedness, which has contributed to lower interest expense and higher net income in subsequent periods.

(3) During the 13 weeks ended December 25, 2013, we refinanced our \$12.5 million first lien revolving credit facility, \$170 million first lien term loan facility and our 2018 notes by entering into our current senior secured credit facilities. The 2013 Refinancing resulted in a one-time charge to our consolidated statement of operations of \$21.5 million, reflecting call premiums on the retired debt obligations and expense related to unamortized deferred financing cost and unamortized discounts.

(4) The more significant components of the loss in the 13 weeks ended December 26, 2012, reflect a tax expense of approximately \$1.6 million and close-store reserves of approximately \$1.1 million.

(5) During the thirteen weeks ended September 24, 2014, we released our valuation allowance of approximately \$65 million. In addition, we incurred an income tax receivable agreement charge of approximately \$40 million during the quarter ended September 24, 2014.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources have been cash provided from operations, cash and cash equivalents, and senior secured credit facilities. Our primary requirements for liquidity and capital are new restaurants, existing restaurant capital investments (remodels and maintenance), principal and interest payments on our debt, lease obligations and working capital and general corporate needs. Our working capital requirements are not significant since our customers pay for their purchases in cash or by payment card (credit or debit) at the time of sale. Thus, we are able to sell many of our inventory items before we have to pay our suppliers for such items. Our restaurants do not require significant inventories or receivables. We believe these sources of liquidity and capital will be sufficient to finance our continued operations and expansion plans for at least the next 12 months.

In October 2013, we refinanced our \$12.5 million first lien revolving credit facility, \$170 million first lien term loan facility and \$105 million 17% Second Priority Senior Secured Notes due 2018 by entering into our \$15 million first lien Revolving Credit Facility, our \$190 million First Lien Term Loan Facility and a \$100 million Second Lien Term Loan. These senior secured credit facilities carry longer maturities and lower interest rates than the indebtedness they replaced.

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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. The repayment of the Second Lien Term Loan 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 (in thousands).

(Amounts in thousands)	Thirty-Nine Weeks Ended		Fiscal Year Ended		
	September 24, 2014	September 25, 2013	2013	2012	2011
Net cash provided by (used in)					
Operating activities	\$ 29,842	\$ 12,528	\$ 19,700	\$ 19,409	\$ 6,454
Investing activities	(13,979)	(10,154)	(13,787)	(14,993)	(3,709)
Financing activities	8,947	(1,443)	(10,385)	(1,920)	(6,469)
Net increase (decrease) in cash	\$ 24,810	\$ 931	\$ (4,472)	\$ 2,496	\$(3,724)

Operating Activities

For the thirty-nine weeks ended September 24, 2014, net cash provided by operating activities increased by \$17.3 million compared to the thirty-nine weeks ended September 25, 2013. 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.

For fiscal 2013, net cash provided by operating activities increased by \$0.3 million as cash generated by increased revenue was partially offset by an increase in cash payments for interest expense due to our refinancing of our debt in October 2013, which required payment of accrued interest through the closing date of the refinancing.

Net cash provided by operating activities increased by \$12.9 million in fiscal 2012 versus fiscal 2011 primarily due to increased revenue as a result of company comparable sales growth and higher franchise royalties.

Investing Activities

For the thirty-nine weeks ended September 24, 2014, net cash used in investing activities increased by \$3.8 million compared to the thirty-nine weeks ended September 25, 2013. 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.

Cash used in investing activities declined by \$1.2 million in fiscal 2013 versus fiscal 2012 primarily due to reduced capital expenditures. Capital expenditures consist of cash paid related to new restaurant construction, the remodel and maintenance of existing restaurants and other corporate expenditures.

Cash used in investing activities increased by \$11.3 million in fiscal 2012 versus fiscal 2011 primarily due to increased capital spending for new restaurants and remodels.

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 thirty-nine weeks ended September 24, 2014, net cash provided by financing activities increased by \$10.4 million compared to the thirty-nine weeks ended September 25, 2013. This was due primarily to our receipt of IPO proceeds, partially offset by our repayment of the Second Lien Term Loan.

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Cash used in financing activities increased by \$8.5 million in fiscal 2013 versus fiscal 2012 primarily due to costs incurred to refinance EPL's former senior secured credit facility and the 2018 Notes on October 11, 2013.

Cash used in financing activities decreased by \$4.5 million in fiscal 2012 versus fiscal 2011 primarily due to \$25.9 million in costs incurred to refinance EPL's former debt facilities, netted against capital contributions of \$22.6 million and a net payout of debt of \$2.9 million.

Debt and Other Obligations

Senior Secured Credit Facilities

On October 11, 2013, EPL entered into (i) a first lien credit agreement (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) a second lien credit agreement (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 a \$15 million revolving credit facility (including obligations in respect of revolving loans, swing line loans and letters of credit) (the "Revolving Credit Facility") and a \$190 million first lien term loan facility (the "First Lien Term Loan Facility") and bears interest at an adjusted LIBOR Rate (with a 1% floor) or Alternate Base Rate plus an applicable margin. The applicable margin is 4.25% with respect to adjusted LIBOR advances and 3.25% with respect to Alternate Base Rate advances. The Revolving Credit Facility and First Lien Term Loan Facility are secured by a first priority lien on substantially all of the assets of EPL and Intermediate. The Revolving Credit Facility and First Lien Term Loan Facility mature on October 11, 2018. Under the Revolving Credit Facility, EPL had \$7.3 million in letters of credit outstanding and \$7.7 million available for borrowing as of September 24, 2014.

The Second Lien Credit Agreement provided for a \$100 million second lien term loan (the "Second Lien Term Loan") and bore interest at an adjusted LIBOR or Alternate Base Rate plus an applicable margin. The applicable margin rate was 8.50% with respect to adjusted LIBOR advances and 7.50% with respect to Alternate Base Rate advances. The Second Lien Term Loan was secured by a second priority lien on substantially all of the assets of EPL and Intermediate. 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 its lines of business or fiscal year. In addition, the agreement requires EPL to maintain, on a consolidated basis, a minimum interest coverage ratio and not to exceed a maximum total leverage ratio. As of the date of this prospectus, we were in compliance with the First Lien Credit Agreement's financial covenants.

On July 9, 2014, we agreed with our lenders to amend the terms of the First Lien Credit Agreement to remove restrictions on capital expenditures and permit special dividend payments of up to \$11 million per fiscal year (not to exceed \$33 million in the aggregate) for purposes of our income tax receivable agreement (the "Amendment"). See "Certain Relationships and Related Party Transactions—Income Tax Receivable Agreement."

Hedging Arrangements

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

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Contractual Obligations

The following table represents our contractual commitments (which include expected interest expense, calculated based on current interest rates) to make future payments pursuant to our debt and other obligations disclosed above and pursuant to our restaurant operating leases outstanding as of September 24, 2014:

(Amounts in thousands)	Payments Due by Period				
	Total	2014	2015- 2016	2017- 2018	2019 and thereafter
Operating leases	\$ 191,028	\$4,841	\$37,909	\$ 34,480	\$ 113,798
Capital leases	1,298	99	579	372	249
Long-term debt	228,491	2,824	23,762	201,721	184
Total	\$420,817	\$7,764	\$62,250	\$236,573	\$ 114,231

Off-Balance Sheet and Other Arrangements

At September 24, 2014, December 25, 2013, December 26, 2012 and December 28, 2011, we had \$7.7 million, \$7.7 million, \$7.0 million and \$6.5 million, respectively, of borrowing capacity on the Revolving Credit Facility and EPL's former revolving credit facility pledged as collateral to secure outstanding letters of credit.

Quantitative and Qualitative Disclosure 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%. As of September 24, 2014, we had outstanding borrowings of \$188.7 million and another \$7.3 million of letters of credit in support of our insurance programs. 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 “—Liquidity and Capital Resources—Debt and Other Obligations—Hedging Arrangements” above.

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. Since July 1, 2014, the State of California (where most of our restaurants are located) has had a minimum wage of \$9.00 per hour. From January 1, 2008, to June 30, 2014, it had been \$8.00 per hour. It is scheduled to rise to \$10.00 per hour on January 1, 2016. In general, we have been able to substantially offset costs increases resulting from inflation by increasing menu prices, managing menu mix, improving productivity or through other adjustments. We may or may not be able to offset cost increases in the future.

Critical Accounting Policies and Use of Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under current circumstances in making judgments about the carrying value of assets and liabilities that are not readily available from other sources. We evaluate our estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

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Accounting policies are an integral part of our financial statements. A thorough understanding of these accounting policies is essential when reviewing our reported results of operations and our financial position. Management believes that the critical accounting policies and estimates discussed below involve the most difficult management judgments due to the sensitivity of the methods and assumptions used. Our significant accounting policies are described in Note 2 to our consolidated financial statements contained elsewhere in this prospectus.

Revenue Recognition

We record revenue from company-operated restaurants as food and beverage products are delivered to customers and payment is tendered at the time of sale. We present sales net of sales-related taxes and promotional allowances. In the case of gift card sales, we record revenue when the gift card is redeemed by the customer. We record royalties from franchised restaurant sales based on a percentage of restaurant revenues in the period the related franchised restaurants' revenues are earned. Area development fees and franchise fees are recognized as income when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied by us. Both franchise fees and area development fees are generally recognized as income upon the opening of a franchised restaurant or upon termination of the related agreement(s).

Goodwill and Indefinite-Lived Intangible Assets, Net

Intangible assets consist primarily of goodwill and trademarks.

We do not amortize our goodwill and indefinite-lived intangible assets. We perform an impairment test annually at the end of each fiscal year. In our annual goodwill impairment assessment at December 25, 2013, we concluded that the fair value of the reporting unit to which goodwill was assigned exceeded our book equity. Accordingly, we did not identify any goodwill impairment. We considered fair value under both income and market comparable approaches, with a weighting of 33% each to a discounted cash flow, a guideline public company analysis and a transaction analysis. The key assumptions in the discounted cash flow model included the discount and growth rates.

In our impairment test for indefinite-lived intangible assets at December 25, 2013, we concluded that the fair value of the indefinite-lived intangible assets exceeded their carrying value and that there was no impairment. We used a relief from royalty methodology to calculate the fair value of the indefinite-lived intangible assets. The key assumptions in the relief from royalty model include a discount rate and growth rates.

These assumptions used in our estimates of fair value are generally consistent with past performance and are also consistent with the projections and assumptions that we use in our forward-looking operating plans. These assumptions are subject to change as a result of changing economic and competitive conditions. Changes in these estimates and assumptions could materially affect our determinations of fair value and impairment.

Long-Lived Assets

We state the value of our property and equipment, including primarily leasehold improvements and restaurant equipment, furniture and fixtures at cost, minus accumulated depreciation and amortization. We calculate depreciation using the straight-line method of accounting over the estimated useful lives of the related assets. We amortize our leasehold improvements using the straight-line method of accounting over the shorter of the lease term (including reasonably assured renewal periods) or the estimated useful lives of the related assets. We expense repairs and maintenance as incurred, but capitalize major improvements and betterments. We make judgments and estimates related to the expected useful lives of those assets that are affected by factors such as changes in economic conditions and changes in operating performance. If we change our assumptions in the future, we may be required to record impairment charges for these assets.

Insurance Reserves

We are responsible for workers' compensation, general and health insurance claims up to a specified amount. We maintain a reserve for estimated claims both reported and incurred but not reported, based on historical claims experience and other assumptions. In estimating our insurance accruals, we utilize independent actuarial estimates of expected losses, which are based on statistical analyses of historical data. Our actuarial assumptions are closely monitored and adjusted when warranted by changing circumstances. Should claims occur or medical costs increase in greater amounts than we have expected, accruals may not be sufficient, and we may record additional expenses.

Accounting for Lease Obligations

We lease a substantial number of our restaurant properties. At the inception of each lease, we evaluate the property and the lease to determine whether the lease is an operating lease or a capital lease. This lease accounting evaluation may require significant judgment in determining the fair value and useful life of the leased property and the appropriate lease term. The lease term used for the evaluation includes renewal option periods only in instances in which the exercise of the renewal option can be reasonably assured because failure to exercise such an option would result in an economic penalty. Such an economic penalty would typically result from our having to abandon a building or fixture with remaining economic value upon vacating a property.

Franchise Operations

We sublease a number of restaurant properties to our franchisees. As such, we remain principally liable for the underlying leases. If sales trends or economic conditions worsen for our franchisees, their financial health may worsen, our collection rates may decline, and we may be required to assume the responsibility for additional lease payments on what are presently franchised restaurants.

Income Taxes

We use the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. As of September 24, 2014, we had federal and state net operating loss ("NOL") carryforwards of \$105 million and \$118 million, respectively. These NOLs expire beginning in 2025 and 2015, respectively.

A valuation allowance is required when there is significant uncertainty as to the realizability of deferred tax assets. The ability to realize deferred tax assets is dependent upon our ability to generate sufficient taxable income within the carryforward periods provided for in the tax law for each tax jurisdiction. We have considered the following possible sources of taxable income when assessing the realization of our deferred tax assets:

- future reversals of existing taxable temporary differences;
- future taxable income or loss, exclusive of reversing temporary differences and carryforwards;
- tax-planning strategies; and
- taxable income in prior carryback years.

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, 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 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. We had previously maintained a full valuation allowance on our deferred tax assets, as we had been experiencing continuing taxable losses, and accordingly did not recognize a benefit for NOL carryforwards or other deferred tax assets in the years ended December 25, 2013, and December 26, 2012.

We will continue to reevaluate the continued need for either a full or partial valuation allowance. Relevant factors include:

- current financial performance;
- our ability to meet short-term and long-term financial and taxable income projections;
- the overall market environment; and
- the volatility and trend of the industry in which we operate.

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All of the factors that we consider in evaluating whether and when to release all or a portion of the deferred tax asset valuation allowance involve significant judgment. For example, there are many different interpretations of “cumulative losses in recent years” that can be used. Also, significant judgment is involved in making projections of future financial and taxable income, especially because our financial results are significantly dependent upon industry trends. Any change in our amount of valuation allowance will significantly impact our financial results in the period of that change.

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 responsible 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 benefits associated with the position. We recognize a benefit for a tax position that meets the “more likely than not” criterion as 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 a benefit being sustained. The final resolutions of uncertain tax positions could result in adjustments to recorded amounts and affect our results of operations, financial position and cash flows; however, we anticipate that any such adjustments would not materially impact our financial statements.

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.

Stock-Based Compensation

We measure and recognize compensation expense for the estimated fair value of stock options for employees and non-employee directors and similar awards based on the grant-date fair value of the award. For options that are based on a service requirement, the cost is recognized on a straight-line basis over the requisite service period, usually the vesting period. The options granted in fiscal 2012 had a three-year vesting period (with 25% of the options vesting immediately), while the options granted in fiscal 2013 and 2014 had a four-year vesting period. For options that are based on performance requirements, costs are recognized over the periods to which the performance criteria relate.

In order to calculate our stock options’ fair values and the associated compensation costs for share-based awards, we utilize the Black-Scholes option pricing model, and we have developed estimates of various inputs including forfeiture rate, expected term, expected volatility and risk-free interest rate. These assumptions generally require significant judgment. The forfeiture rate is based on historical rates and reduces the compensation expense recognized. The expected term for options granted is derived using the “simplified” method, in accordance with SEC guidance. Expected volatility is estimated using four publicly-traded peer companies in our market category. These are selected based on similarities of size and other financial and operational characteristics. Volatility is calculated with reference to the historical daily closing equity prices of our peer companies, prior to the grant date, over a period equal to the expected term. We calculate the risk-free interest rate using the implied yield for a U.S. Treasury security with constant maturity and a remaining term equal to the expected term of our employee stock options. We do not anticipate paying any cash dividends for the foreseeable future and therefore use an expected dividend yield of zero for option valuation purposes.

The following table summarizes the assumptions relating to our stock options for the years ended December 25, 2013, and December 26, 2012.

	Fiscal Year Ended	
	2013	2012
Risk-free interest rates	1.15% to 1.99%	1.02%
Expected term	6.25 years	5.75 years
Expected dividend yield	0%	0%
Volatility	40.6%	39.0%

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If in the future we determine that another method is more reasonable, or if another method for calculating these input assumptions is prescribed by authoritative guidance, and, therefore, should be used to estimate volatility or expected life, the fair value calculated for our stock options could change significantly. Higher volatility and longer expected lives result in an increase to stock-based compensation expense determined at the date of grant. Stock-based compensation expense affects our general and administrative expense.

We estimate our forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behavior, and other factors. Changes in the estimated forfeiture rate can have a significant effect on reported stock-based compensation expense, as the cumulative effect of adjusting the rate for all expense amortization is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the financial statements. The effect of forfeiture adjustments was insignificant for the thirty-nine weeks ended September 24, 2014, and for the years ended December 25, 2013 and December 26, 2012. We will continue to use significant judgment in evaluating the expected term, volatility and forfeiture rate related to our stock-based compensation.

Prior to our IPO, it was necessary to estimate the fair value of the common stock underlying our equity awards when computing fair value calculations under the Black-Scholes option pricing model. The fair value of our common stock was assessed on each grant date by our board of directors. Given the absence of an active market for our common stock, our board of directors estimated our common stock's fair value based on an analysis of a number of objective and subjective factors that they believed that market participants would consider in valuing it, including the following:

- financial metrics, including, but not limited to, our results of operations and history of losses;
- the valuation of our common stock by an unrelated third-party valuation firm;
- the hiring of key personnel;
- the introduction of new products;
- the fact that the option grants involved illiquid securities in a private company;
- the risks inherent in the development and expansion of our products and services; and
- the likelihood of achieving a liquidity event, such as an initial public offering or sale of our company, given prevailing market conditions.

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Before our IPO, we historically granted stock options with exercise prices not less than the fair value of our common stock underlying such stock options, as determined on the date of grant by our board of directors, with input from our management and from an independent third-party valuation expert. In fiscal 2013 and 2012, we granted stock options with strike prices of \$5.84 per share, which was in excess of the estimated fair value of our common stock on the grant dates. These options, granted at strike prices in excess of fair market value, were intended to incentivize management to increase profitability and expand our business. The following table summarizes, by grant date, the stock options granted since December 26, 2012, and their associated per share exercise prices:

Grant Date	Common Shares Underlying Options Granted	Exercise Price Per Share	Fair Value Per Common Share as Determined by Our Board at Grant Date
April 11-22, 2013	70,651	\$ 4.09	\$ 4.09
April 11-22, 2013	141,303	\$ 5.84	\$ 4.09
July 15-29, 2013	196,968	\$ 4.09	\$ 4.09
July 15-29, 2013	393,935	\$ 5.84	\$ 4.09
July 24, 2014	223,184	\$ 15.00	\$ 15.00
October 25, 2014	5,865	\$ 36.42	\$ 36.42

When we were a private company, our common stock was valued by an independent third-party using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants (“AICPA”) Audit and Accounting Practice Aid Series: Valuation of Privately Held Company Equity Securities Issued as Compensation, or the AICPA Practice Guide. We used a combination of the income and market approaches to estimate our aggregate enterprise value. The income approach measures the value of a company as the present value of its future economic benefits by applying an appropriate risk-adjusted discount rate to expected cash flows, based on forecasted revenues and costs. We prepared a financial forecast to be used in the computation of the enterprise value for the income approach. The financial forecasts took into account our past experience and future expectations. The risks associated with achieving these forecasts were assessed in selecting the appropriate discount rate. There was inherent uncertainty in these estimates. The market approach measures the value of a company based on applying observed EBITDA multiples from comparable public companies, and applying a multiple derived therefrom to its EBITDA.

In order to arrive at the estimated fair value of our common stock, our indicated enterprise value was then increased by cash on hand and reduced by the value of long-term debt and the fair value of the stock options. In our annual common stock valuation assessment at December 26, 2012, we considered fair value under both the income and the market approaches, with a weighting of 33% each to the discounted cash flow model, the guideline public company analysis and the transaction analysis. The key assumptions in the discounted cash flow model include discount and growth rates. For the guideline public company analysis, we applied multiples to our 2012 actual EBITDA and 2013 budgeted EBITDA based on an average of the first quartile and median multiples observed from analysts for seventeen comparable public companies in the QSR sector. For the transaction analysis, we applied a multiple to our 2013 actual EBITDA, based on the third quartile multiple observed from analysts for seventeen comparable public companies in the QSR sector. Furthermore, the estimated fair value of our common stock at each grant date reflected non-marketability discounts.

The estimates used in determining the fair value of our common stock were highly complex and subject to significant judgment. For example, the percentage weighting that was used among the different valuation approaches, the selection of the comparable public companies used in the guideline public company analysis, and the non-marketability discount used all could have had different assumptions. There was also inherent uncertainty in our forecasts and projections. If we had made different assumptions and estimates than those described previously, the amount of our stock-based compensation expense, net income (loss), and net income (loss) per share amounts could have been materially different. Such estimates are no longer needed to determine fair value for new awards due to a publicly-available trading price for our common stock.

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Our board of directors intended that all options granted be exercisable at prices per share not less than the per share fair market value of our common stock underlying those options on the date of grant. The following is a discussion of all options we have granted since December 26, 2012, and the significant factors contributing to the difference between fair values as of the date of each grant and estimated IPO price:

April 11-22, 2013—Options granted on these dates had exercise prices of either \$4.09 or \$5.84 per share, which was equal to, or greater than, the fair value of our common stock as determined by our board of directors on each grant date. In conjunction with our year-end procedures, our board of directors obtained a third-party valuation of our common stock in December 2012, which suggested a fair value of \$4.09 per share. Our board of directors considered this valuation together with other objective and subjective factors in reaching its determination of the fair value of our common stock as of April 2013. In particular, our board of directors considered the general financial condition of the business, the continued illiquidity of our common stock given our status as a private company, the general likelihood of a liquidity event, such as an initial public offering or sale of us or our capital resources at that time and the risks and uncertainties associated with further development and expansion of our business. Our board of directors considered that our financial performance continued to improve, but our board also noted that improvements were in line with the expectations included in the December 2012 valuation.

July 15-29, 2013—Options granted on these dates had exercise prices of either \$4.09 or \$5.84 per share, which was equal to, or greater than, the fair value of our common stock as determined by our board of directors on each grant date. In conjunction with our year-end procedures, our board of directors obtained a third-party valuation of our common stock as of December 2012, which suggested a fair value of \$4.09 per share. Our board of directors considered this valuation together with other objective and subjective factors in reaching its determination of the fair value of our common stock as of July 2013. In particular, our board of directors considered the general financial condition of the business, the continued illiquidity of our common stock given our status as a private company, the continued likelihood of a liquidity event, such as an initial public offering or sale of us or our capital resources at that time and the risks and uncertainties associated with further development and expansion of our business. Our board of directors considered that our financial performance continued to improve, but our board also noted that improvements were in line with the expectations included in the December 2012 valuation.

Based upon these considerations, our board of directors determined that no significant change in our business or in expectations of our future business had occurred as of each grant date since the December 2012 valuation that warranted materially different determinations for the value of our common stock than those suggested by the board's original determination in December 2012 and by the corresponding contemporaneous independent third-party valuation.

The valuation that we obtained as of December 25, 2013 resulted in a fair value of \$9.31 per share of common stock. The increase as compared to the 2012 valuation was driven largely by the increase in EBITDA multiples that comparable public companies were trading at, the higher multiples that recent transactions had been priced at, and the increase in our revenue and EBITDA growth rates used in the December 25, 2013, valuation, based upon two years of consistent revenue growth. Furthermore, we reduced the discount for lack of marketability between 2012 and 2013, based on the increase in the potential for an initial public offering at the end of 2013. There were no changes in the weightings for the income- and market-based approaches. We believed that it was reasonable to expect that the completion of an IPO would add value to our shares of our common stock because they would have increased liquidity and marketability.

July 24, 2014—Concurrent with our IPO, we granted options to purchase 223,183 shares of our common stock to selected employees who were not our executive officers. For this grant, our Compensation Committee, as delegated by our board of directors to be administrator for our 2014 Omnibus Equity Incentive Plan, set the option grant with an exercise price at \$15.00 per share, our IPO price and the fair market value as of the date of grant.

October 25, 2014—Subsequent to our IPO, we granted options to purchase 5,865 shares of our common stock to an employee who was not an executive officer. The exercise price was \$36.42 per share, which was equal to the fair market value as of the date of grant.

In addition, in connection with the completion of our IPO, we granted to Samuel N. Borgese and Douglas K. Ammerman restricted share grants of 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.

BUSINESS

Company Overview

It All Starts with Our Chicken

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 LSR segment. We believe we offer the quality of food typical of fast casual restaurants while providing the speed, convenience and value typical of traditional QSRs, a combination which we call “QSR+” and which 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. Every day in every restaurant’s kitchen we marinate and fire-grill our chicken over open flames, hand-slice whole tomatoes, avocados, serrano peppers and cilantro to make our salsas, guacamole and cilantro dressings from scratch. The open design of our kitchens reveals our Mexican-inspired cooking process and allows our customers to watch our Grill Masters and team members fire-grill and hand-cut our signature chicken, as well as make burritos, salads, tostadas, bowls, stuffed quesadillas and chicken entrees.

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, sides, and, throughout the year, on a limited-time basis, alternative proteins like shrimp, carnitas and beef. Our entrees include favorites such 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 freshly-prepared salsas and dressings are prepared daily allowing our customers to create their favorite flavor profiles to enhance their culinary experience. Our distinctive menu with healthier alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced day-part mix.

El Pollo Loco is Spanish for “The Crazy Chicken.” We opened our first location on Alvarado Street in Los Angeles, California in 1980, and have grown our restaurant system to 405 restaurants, comprised of 166 company-operated and 239 franchised restaurants as of September 24, 2014. Our restaurants are located in California, Arizona, Nevada, Texas and Utah. Our typical restaurant is a free-standing building with drive-thru service that ranges in size from 2,400 to 3,000 square feet with seating for approximately 70 people. Our restaurants generated company-operated restaurant revenue of \$294.3 million and \$238.4 million and system-wide sales of \$657.6 million and \$537.7 million, for the year ended December 25, 2013, and the thirty-nine weeks ended September 24, 2014, respectively.

We believe the quality of our food and dining experience and the affordable prices we offer our customers drive our operating results, as illustrated by the following:

- we achieved positive comparable restaurant sales growth in 13 consecutive quarters through our fiscal quarter ended September 24, 2014;
- our annual AUVs grew from \$1.5 million in 2011 to \$1.8 million in 2013;
- from 2011 to 2013, we increased our restaurant contribution margin for our company-operated restaurants by 230 basis points to 21.0%, and for the thirty-nine weeks ended September 24, 2014, we increased our restaurant contribution margin for our company-operated restaurants by 60 basis points to 21.8%, as compared to the thirty-nine weeks ended September 25, 2013; and
- from 2011 to 2013, we increased our total revenue by 15.2% to \$314.7 million, increased our Adjusted EBITDA (as defined under “Prospectus Summary—Summary Consolidated Financial and Other Data” above) by 39.2% to \$55.0 million, and decreased our net loss from \$32.5 million to \$16.9 million. Included in our net loss figures for 2011 and 2013 were expenses for early extinguishment of debt totaling \$20.2 million and \$21.5 million, respectively. Adjusted EBITDA represents net income (loss) before interest expense, provision of income taxes and depreciation and amortization, and adjusted to exclude the impact of items that we do not consider representative of our ongoing operating performance, as identified in the reconciliation table above, under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators—EBITDA and Adjusted EBITDA.”

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Seasonal factors and the timing of holidays 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.

Our Industry

According to Technomic, 2013 total sales increased 3.8% to \$193.3 billion for LSRs in the Technomic Top 500. In 2013, the Mexican and chicken menu categories for LSRs in the Technomic Top 500 grew 6.8% and 4.6%, respectively, outpacing the broader LSR category. We operate within the broader LSR segment, and we believe that we offer the food and dining experience of a fast-casual restaurant and the speed, value and convenience of a QSR. We believe our value-oriented fast casual positioning best aligns with the overall growth characteristics of the fast-casual restaurants because we believe we offer the method of preparation, quality of food and dining experience typical of fast casual restaurants. According to Technomic, the fast casual sub-segment grew 11% in 2013, to \$27.1 billion in total sales. Technomic projects the total fast-casual sub-segment to grow to \$50 billion by 2017. We believe our differentiated menu, colorful, bright and contemporary restaurant environments and convenient locations position us to compete successfully against other fast-casual and QSR concepts, providing us with a large addressable market.

We believe we are also well positioned to benefit from a number of culinary and demographic trends in the United States. We expect that the trend towards healthier eating will attract and increase consumer demand for fresh and hand-prepared dishes, leading to a positive impact on our sales. Furthermore, as indicated by recent high growth in the Mexican restaurant segment, we expect to benefit from increased acceptance of Mexican food in the United States in the general market. Finally, we also anticipate benefits from the continued growth of the Hispanic population in the United States, which, according to the U.S. Census Bureau, has grown from 50.5 million people in 2009 to 53 million people in 2012, and is projected to reach 78.7 million in 2030. The growth of the Hispanic population is expected to outpace overall population growth, and the Hispanic population as a percentage of the total U.S. population is expected to increase from 16.3% in 2011 to 21.9% by 2030.

Our Competitive Strengths

Putting the “Loco” in El Pollo Loco

We believe the following strengths differentiate us from our competitors and serve as the foundation for our continued growth:

“Loco-ly” Differentiated Restaurant Concept with Broad Appeal. We believe our food, served in colorful, bright and contemporary restaurant environments at reasonable prices, positions us well to satisfy the needs of a large segment of time-pressured mainstream food enthusiasts who seek real food, real fast and at reasonable prices. We provide our customers with the opportunity to enjoy citrus-marinated fire-grilled chicken and Mexican-inspired entrees containing distinctive ingredients such as avocados, mangos and Serrano peppers at price points that appeal to a broad consumer base. Our per-person spend of approximately \$5.83 for the year ended December 25, 2013, is competitive not only within the fast-casual segment, but also within the QSR segment. We prepare our entrees to order in approximately four minutes and allow our customers the option to create their favorite flavor profiles using our freshly-prepared salsas before they enjoy their meal in one of our dining rooms or take their meals to go from the counter or the drive-thru. We also believe that our concept, which integrates the complexity of creating real food in real kitchens with the speed of our service model and the skill of our trained and certified Grill Masters, provides a layer of competitive insulation around our restaurant model. Based on an external research report and a customer satisfaction survey, we believe our positioning appeals to a broad customer base, and that our brand crosses over traditional age, ethnic and income demographics; giving today’s consumers the best of both the fast casual dining and QSR segments. Our differentiated QSR+ positioning sources traffic from both dining segments and as a result continues to fuel our organic transaction growth.

Mexican-Inspired, Fresh-Made “Crazy You Can Taste” Fire-Grilled Chicken and Entrees. Our signature product is our chicken marinated with a proprietary recipe of citrus, garlic and spices, which serves as the foundation of our distinctive menu of flavorful bone-in chicken meals and Mexican-inspired entrees. With menu items such as our Chicken Avocado Burrito, Chicken Tostada Salad, Pollo Bowl and Chicken Avocado Stuffed Quesadilla, we believe we offer our customers a healthier alternative to traditional food on-the-go. Our entrees are prepared using fresh

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ingredients in recipes inspired by Mexican cuisine. The majority of our menu items are made from scratch, including our bone-in chicken and chicken breasts, rice, salsas, guacamole and cilantro dressing, meaning that we make them without pre-prepared ingredients. These items start with our chicken, which is marinated in our restaurants daily. From there, our Grill Masters fire-grill and hand-chop our chicken, forming the foundation of our entrees. To complement our entrees, our team members slice whole tomatoes, avocados, serrano peppers and cilantro to create our salsas, guacamole and cilantro dressings. In addition, our rice is sautéed, seasoned and simmered in our restaurants daily. Our salsas and dressings complement our recipes and allow our customers to enhance their culinary experience with customized flavor profiles.

Our strategic approach to menu design has resulted in a balanced menu with broad appeal, as demonstrated by our balanced day-part mix. Our bone-in chicken meals and Mexican-inspired entrees accounted for 47% and 53% of our company-operated restaurant sales, respectively, for the year ended December 25, 2013. Our individual and family-sized chicken meals appeal to customers looking to dine at the restaurant or take out during dinner time, while our more-portable Mexican-inspired entrees draw traffic from customers at lunch time or for an afternoon snack, enabling us to generate sales almost equally between lunch and dinner. We believe our family-sized chicken meals provide a healthier and convenient alternative for mothers and families looking to solve the “dinnertime dilemma” of providing their families with high-quality meals without investing significant time or money. For the year ended December 25, 2013, approximately 28% of our company-operated sales were generated from family-sized meals.

Inviting Experience That Welcomes Our Customers. We believe our new Hacienda restaurant design creates an inviting restaurant environment. The exteriors of our restaurants feature a signature grill architectural element that reinforces our core brand, and our interiors feature large, open kitchens that allow customers to watch our Grill Masters prepare our fire-grilled chicken. Our restaurants also feature complimentary self-serve salsa bars that are located at the front of our restaurants for added convenience. The salsa bar invites customers to customize their meals with several salsas prepared fresh every day. Our colorful and contemporary dining rooms include both comfortable booths and chairs, while large windows and soft lighting fill our restaurants with light and warmth. Our customers are responding positively to our new Hacienda design, as comparable restaurant sales have increased on average an additional 3% at remodeled locations. We expect to have remodeled over 50% of our restaurant system by the end of 2014 and to have completed the remodeling program by 2018.

We believe the atmosphere and quality of service we provide our customers encourages repeat visits and brand advocacy and drives increased sales. Our team members are trained to engage with our customers in a genuine way to provide a personalized experience and strive to make each experience in our restaurant better than the last.

Well-Developed Operations Infrastructure that Allows for Real-time Control, Fast Feedback and Innovation. We believe satisfying our customers’ dining needs is the foundation of our business and we have a well-developed operations platform that allows us to measure our performance in meeting and exceeding those needs. We utilize a state-of-the-art operations dashboard that aggregates real-time, restaurant level information from nearly every aspect of our business. The dashboard provides corporate and field management, as well as restaurant-level operators, insight into how we are performing both from the customer’s perspective but also through the eyes of experienced internal auditors. To put the metrics into perspective, we are able to measure current performance against benchmarks derived from a broad selection of fast casual and QSR brands. At the restaurant level, we use sophisticated technology to constantly monitor key operational data regarding sales performance, speed of service metrics, and food and labor cost controls. The intelligence provided by our operations infrastructure allows both our company-operated and our franchised restaurant managers to make rapid and objective decisions to maintain our standards for food and service.

Developing High AUVs and Strong Unit Economics One Chicken at a Time. We believe our differentiated QSR+ positioning drives restaurant operating results that are competitive with other leading restaurant concepts in both the fast-casual and QSR industry segments. We believe our restaurant model is designed to generate strong cash flow, consistent restaurant-level financial results and high returns on invested capital. For the year ended December 25, 2013, our company-operated restaurants generated an average annual sales per restaurant of approximately \$1.8 million and restaurant level contribution margins of 21.0%.

Experienced Leadership. Our senior management team has extensive operating experience, with an average of over 20 years of experience each in the restaurant industry. We are led by our Chief Executive Officer, Steve Sather, who joined us in 2006. Since naming Steve our CEO in January 2011, we have further enhanced our senior leadership

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team by adding Larry Roberts as our Chief Financial Officer, Ed Valle as our Chief Marketing Officer and Kay Bogeajis as our Chief Operating Officer. Under Steve's direction, the team has added new layers of revenue through menu innovation, as well as redefined our marketing strategy and enhanced the customer experience. These initiatives have resulted in comparable restaurant sales growth that has outperformed both the QSR and the fast casual segments in each of the past 13 quarters. We believe our senior management team is a key driver of our success and has positioned us well for long-term growth.

Our Growth Strategy

This Bird is "En Fuego"

We believe we are well-positioned to take advantage of significant growth opportunities because of our differentiated QSR+ positioning, signature fire-grilled chicken, disciplined business model and strong unit economics. We plan to continue to expand our business and drive restaurant sales growth, improve margins and enhance our competitive positioning by executing on the following strategies:

Expand Our Restaurant Base. We believe we are in the early stages of our growth story with 405 current locations in five states, as of September 24, 2014, and estimate, based on internal analysis and a study prepared by Buxton Co., a long-term total restaurant potential in the United States of approximately 2,300 locations. For the year ended December 25, 2013, we opened two new company-operated and five new franchised restaurants, and in 2014 we intend to open ten to eleven new company-operated and four new franchised restaurants across California, Nevada and Texas. Over the long term, we plan to grow the number of El Pollo Loco restaurants by 8% to 10% annually. There is no guarantee that we will be able to increase the number of our restaurants. We may be unsuccessful in expanding within our existing or into new markets for a variety of reasons described herein under "Risk Factors" above, including competition for customers, sites, franchisees, employees, licenses and financing.

We believe our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results and high returns on invested capital. Our current investment model targets an average new unit cash investment of \$1,400,000, net of tenant allowances, an AUV of approximately \$1.8 million and a cash-on-cash return in excess of 25% in a restaurant's third full year of operations, although there is no guarantee that these targets will be met. We closed six restaurants in 2011, did not close any in 2012, closed three in 2013, and have closed one in 2014 to date. We did not open any new restaurants in 2011, but opened four in 2012, two in 2013, and eight in 2014 to date. For the year ended December 25, 2013, the new restaurants opened in 2012 and 2013 had weekly AUVs averaging \$33,900 and annualized cash-on-cash returns of over 25%. For the period from December 26, 2013 through September 24, 2014, they had weekly AUVs averaging \$35,740 and annualized cash-on-cash returns of 34%. While most of our growth in 2014 has been derived from the expansion of our company-operated restaurant base, we will continue to strategically develop our franchisee relationships and grow our franchised portfolio within existing and new markets. For example, during July and August of 2014, we entered into exclusive franchise development agreements with AA Pollo for eight restaurants in the greater San Antonio area and twelve restaurants in the Houston area, and in September 2014 we completed the sale of six company-operated restaurants in the greater San Antonio area to AA Pollo, as a franchisee. We view our franchise program as an important tool for expanding the brand that allows us to increase our restaurant penetration.

In our existing markets, where we believe we possess strong brand awareness and a loyal following, we have identified over 325 potential new trade areas for restaurant development. As we continue to increase and strengthen our position in our core markets, we also intend to expand our presence into key, contiguous new markets. We believe a contiguous market expansion strategy will provide us with an attractive opportunity to leverage our brand awareness and infrastructure while increasing our geographic presence. After thoroughly researching potential new markets in the Southwest region, we have selected Houston, Texas as our next new market. In Houston, we have identified an initial 80 trade areas for potential restaurant development by us or our franchisees over the next several years, and we believe that there are additional development opportunities beyond this. In furtherance of this strategy, in September 2014 we entered into an exclusive franchise development agreement with AA Pollo for twelve restaurants in the Houston area and on October 6, 2014 we opened our first location in Houston.

Increase Our Comparable Restaurant Sales. Our system has experienced 13 straight quarters of comparable restaurant sales growth through our fiscal quarter ended September 24, 2014. We aim to build on this momentum by

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increasing customer frequency, attracting new customers and improving per person spend. Furthermore, we are well positioned to benefit from shifting culinary and demographic trends in the United States.

Menu Strategy and Evolution. We will continue to adapt our menu to create entrees that complement our signature fire-grilled chicken and that reinforce our differentiated QSR+ positioning. We believe we have opportunities for menu innovation as we look to provide customers more choices through customization and limited time alternative proteins, such as carne asada. In addition, we will continue to tap in to the need for healthier offerings by building on the success of our recently launched “Under 500 Calorie” menu and other “better for you” products. Our marketing and operations teams collaborate to ensure that the items developed in our test kitchen can be executed to our high standards in our restaurants with the speed and value that our customers have come to expect.

Increase Brand Awareness and Consumer Engagement. We engage consumers through our 10-module product calendar which features seasonal favorites from our “Under 500 Calorie” low calorie menu for New Year’s resolutions to Signature Salads in Spring, and carnitas for the winter holiday season. Our key points of differentiation are communicated through our new advertising campaign “Crazy You Can Taste,” which highlights the lengths we go through to deliver real food throughout the year. We tailor our message from television and direct mail, which garners broad exposure, to our cost effective e-mail marketing program My Loco Rewards and social media platform where we engage in one-on-one conversation to solicit new ideas and deepen the relationship between our customers and our brand. Within our restaurants we continue to engage our customers at various points along their path to purchase to further drive our differentiation. We believe our messaging and communication channels work synergistically and have resulted in a 9% increase in new and lapsed users from 2012 to 2014. These new and lapsed users now account for approximately 15% of total visits.

Hacienda Remodel Program. In 2011, we launched our new Hacienda remodeling program, which has resulted on average in an additional 3% comparable restaurant sales for remodeled restaurants. The redesigned Hacienda restaurants highlight our roots, while offering a more modern feel and upscale dining experience. We and our franchisees have remodeled 197 restaurants as of September 24, 2014. We expect to have remodeled over 50% of our restaurant system by the end of 2014 and to have completed the remodeling program by 2018.

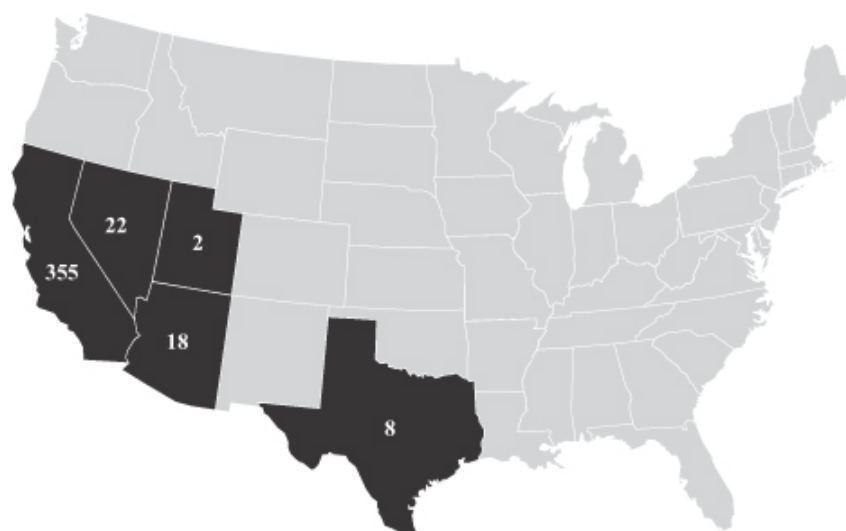
Enhance Restaurant Operations and Leverage Our Infrastructure. Since 2011, we have increased our restaurant contribution margin by 310 basis points, to 21.8% for the thirty-nine weeks ended September 24, 2014. We believe we can further improve our margins by maintaining fiscal discipline, increasing fixed-cost leverage and enhancing our purchasing efforts. We currently have an infrastructure that allows us and our franchisee partners to grow and manage the productivity of each restaurant on a real-time basis. Additionally, we believe, as our restaurant base matures and AUVs increase, we will be able to leverage corporate costs and improve margins, as general and administrative expenses grow at a slower rate than our revenues.

Properties

Our restaurants are either free-standing facilities, typically with drive-thru capability, or in-line. A typical restaurant generally ranges from 2,400 to 3,000 square feet with seating for approximately 70 people. For a majority of our company-operated restaurants, we lease land on which our restaurants are built. Our leases generally have terms of 20 years, with two or three renewal terms of five years. Restaurant leases provide for a specified annual rent, and some leases call for additional or contingent rent based on revenue above specified levels. Generally, our leases are “net leases” that require us to pay a pro rata share of taxes, insurance and maintenance costs. We own 15 properties and currently operate or license to franchisees the right to operate restaurants on all of these properties. All 15 of these owned properties are subject to mortgages that secure our senior secured credit facilities. In addition, we lease 159 properties for company-operated restaurants. As of September 24, 2014, our restaurant system consisted of 405 restaurants comprised of 166 company-operated restaurants and 239 franchised restaurants located in California, Arizona, Nevada, Texas and Utah. In addition, we currently license our brand to two restaurants in the Philippines, the licenses of which are currently set to expire in 2016. We have not included these two licensed restaurants as part of our unit count as presented in this document.

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We lease our executive offices, consisting of approximately 24,890 square feet in Costa Mesa, California, for a term expiring in 2018, plus one five-year extension option. We believe our current office space is suitable and adequate for its intended purposes and our near-term expansion plans.



State	Company-Operated	Franchised	Total
California	147	208	355
Nevada	18	4	22
Arizona	0	18	18
Texas	0	8	8
Utah	1	1	2
Total	166	239	405

Site Selection and Expansion

New Restaurant Development

We believe we are in the early stages of our growth story and that our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results and high returns on invested capital, which we believe provides us with a strong foundation for expansion. For the year ended December 25, 2013, we opened two new company-operated and five new franchised restaurants, and in 2014 we intend to open between ten and eleven new company-operated and four new franchised restaurants, expanding in the process into Houston, Texas. There is no guarantee that we will be able to open new company-operated or franchised restaurants, or to increase the overall number of our restaurants. We may be unsuccessful in expanding within our existing or into new markets for a variety of reasons described above under “Risk Factors,” including competition for customers, sites, franchisees, employees, licenses and financing. Over the long term, we plan to grow the number of El Pollo Loco restaurants by 8% to 10% annually.

Our strategy for entering new markets is to lead with company development while recruiting and developing franchisees to open new restaurants with us during the second year of new market entry. This will enable us to establish a development, operations and marketing infrastructure to help ensure that we maximize our consumer proposition and support franchisees as they enter the market. We anticipate that entering new markets with both company and franchisee development is the best way to establish our brand, as it will enable us to scale rapidly, thereby driving operational and marketing efficiencies.

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To date, we have opened eight restaurants in 2014 and have another four restaurants under construction. In addition, we have fifteen restaurant sites in various stages of development with two in permitting and another thirteen in lease negotiations.

Over the next three to five years, our expansion strategy will focus on the southwestern region of the United States. We believe this market provides an attractive opportunity to leverage our brand awareness and infrastructure. After thoroughly researching this region, we selected Houston, Texas, as our next new market and plan to build two to three restaurants in 2014. In furtherance of this strategy, in August 2014 we entered into an exclusive franchise development agreement with AA Pollo for twelve restaurants in the Houston area and on October 6, 2014 we opened our first location in Houston. We have identified 80 trade areas in Houston for potential restaurant development by us or our franchisees over the next several years and we believe there are additional development opportunities beyond this.

Houston is an attractive market for a number of reasons, including:

- a large, rapidly growing population base;
- demographics similar to our existing markets, including a significant Hispanic population;
- attractive limited service restaurant traffic growth trends;
- availability of attractive real estate and favorable permitting and construction timelines; and
- favorable construction and restaurant operating costs.

Site Selection Process

We consider the location of a restaurant to be a critical variable in its long-term success and as such, we devote significant effort to the investigation and evaluation of potential restaurant locations. Our in-house development team has over 95 years of combined experience building such brands as Taco Bell, McDonald's, Starbucks, Jack-in-the-Box and Wendy's. We use a combination of our in-house development team and outside real estate consultants to locate, evaluate and negotiate new sites using various criteria including demographic characteristics, daytime population thresholds and traffic patterns, along with the potential visibility of, and accessibility to, the restaurant. The process for selecting locations incorporates management's experience and expertise and includes extensive data collection and analysis. Additionally, we use information and intelligence gathered from managers and other restaurant personnel that live in or near the neighborhoods we are considering.

Based on our experience and results, we are currently focused on developing freestanding sites with drive-thru. Our restaurants perform well in a variety of neighborhoods, which gives us greater flexibility and lowers operating risk when selecting new restaurant locations.

We approve new restaurants only after formal review by our real estate site approval committee, which includes most of senior management, and monitor restaurants' ongoing performances to inform future site selection decisions.

Restaurant Design

After identifying a lease site, we commence our restaurant buildout. Our typical restaurant is a free-standing building with drive-thru service that ranges in size from 2,400 to 3,000 square feet. Our Hacienda restaurant design creates a colorful, bright and contemporary restaurant environment. The exteriors of our restaurant feature a signature grill architectural element that reinforces the core brand element and our interiors feature large exhibition kitchens that allow customers to watch our Grill Masters prepare our fire-grilled chicken. Our colorful and contemporary dining rooms, with seating for approximately 70 people, include both comfortable booths and chairs, while large windows and soft lighting fill our restaurants with light and warmth.

Our new restaurants are either ground-up prototypes or conversions. We estimate that each ground-up buildout of a restaurant will require an average total cash investment of approximately \$1.4 million, net of tenant allowances. We

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estimate that each conversion will require a total cash investment of \$0.6 million to \$0.8 million. On average, it takes us approximately 12 to 18 months from identification of the specific site to opening the restaurant. In order to maintain consistency of food and customer service, as well as our colorful, bright and contemporary restaurant environment, we have set processes and timelines to follow for all restaurant openings.

Our restaurants are constructed in approximately 12 weeks and the development and construction of our new sites is the responsibility of our Development Department. A conversion typically takes approximately two months to complete. Several real estate managers are responsible for locating and leasing potential restaurant sites. Construction managers are then responsible for building the restaurants, and several staff members manage purchasing, budgeting, scheduling and other related administrative functions.

Restaurant Management and Operations

Service

We are extremely focused on customer service. We aim to provide fast, friendly service on a solid foundation of dedicated, driven team members and managers. Our cashiers are trained on the menu items we offer and offer customers thoughtful suggestions to enhance the ordering process. Our team members and managers are responsible for our dining room environment, personally visiting tables to ensure every customer's satisfaction, and monitoring the fresh salsa bar and beverage station for cleanliness and an ample supply of products.

Operations

We utilize systems that are aimed at measuring our ability to deliver a "best in class" experience for our customers. These systems include customer surveys, mystery shopper scores and speed of service performance trends. The operational results from all of these sources are then presented on an operations dashboard that displays the measures in an easy-to-read online format that corporate and restaurant-level management and franchisees can utilize in order to identify strengths and opportunities and develop specific plans for continuous performance improvement.

We measure the execution of our system standards within each restaurant through our commitment to our Quality, Service & Cleanliness ("QSC") audit program. These audits are conducted in each restaurant twice yearly, but may be more frequent based upon restaurant performance. Additionally, we have food safety and quality assurance programs designed to maintain the highest standards for food and food preparation procedures used by both company-operated and franchised restaurants. We employ a team of quality assurance managers and third party auditors that perform our restaurant audits.

Managers and Team Members

Each of our restaurants typically has a general manager, an assistant manager, two to three shift leaders, and two team leaders. There are between 15 and 35 team members who prepare our food fresh daily and provide customer service. To lead our restaurant management teams, we have area leaders, each of whom is responsible for eight to 12 restaurants. Overseeing the area leaders are two directors of operations, each responsible for 70 to 90 restaurants. The vice president of operations leads our company-operated restaurants, managing both sales and profitability targets.

We are selective in our hiring processes, aiming to staff our restaurants with team members that are friendly, customer focused, and driven to provide high-quality products. We employ a unique approach to selecting future team members. Our team members are cross-trained in several disciplines to maximize depth of competency and efficiency in critical restaurant functions. Our focus on hiring the best possible employees has enabled us to develop a culture that breeds loyalty throughout our employee base. Many team members and managers have been employed by us for longer than 15 years, and it is not rare to identify team members with more than 20 years of seniority.

Training

We believe we have created a culture of constant learning. On the first day of employment, team members are introduced to our Standards and Procedures Educational Card System ("SPECS") training program, which is a comprehensive training program developed to lead team members through the training process in easy to use, function-based, educational card modules. Each team member can learn at their own pace, focusing on the modules that apply to their initial role on the restaurant team.

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The vast majority of our restaurant management staff is comprised of former team members who have advanced along the El Pollo Loco five tier career path. Skilled team members who display leadership qualities are encouraged to enter the team leader training program. Successive steps along the management path add increasing levels of duties and responsibilities. Each stage in the management training path requires greater training periods, culminating in the general manager training process, comprised of seven weeks of intensive classroom and hands-on training in a certified training restaurant.

Grill Masters

Our reputation is built on our signature product—fired-grilled chicken marinated in citrus and garlic—which is grilled and hand-cut to order by our Grill Masters. Accordingly, we staff each of our restaurants with three to four highly-trained Grill Masters who share our commitment to high-quality food. We provide each of them with intensive grilling training, and place them in our open kitchens where our customers can watch them create our signature products.

Franchise Program

Overview

We use a franchising strategy to increase new restaurant growth in certain markets, leveraging the ownership of entrepreneurs with specific local market expertise and requiring a relatively minimal capital commitment by us. As of September 24, 2014, there were a total of 239 franchised restaurants. Franchisees range in size from single-restaurant operators to the largest franchisee, which owned 59 restaurants as of September 24, 2014. Our existing franchise base consists of many successful, longstanding, multi-unit restaurant operators. As of September 24, 2014, approximately 74% of franchised restaurants were owned and operated by franchisees that have been with us for more than 20 years. Since the beginning of 2008, our franchisees have opened 26 new El Pollo Loco restaurants (net), representing a 12.6% net increase from 2008 to September 24, 2014.

We believe the franchise revenue generated from our franchise base has historically served as an important source of stable and recurring cash flows to us and, as such, we plan to expand our base of franchised restaurants. In existing markets, we encourage growth from current franchisees. In our expansion markets, we seek highly qualified and experienced new franchisees for multi-unit development opportunities. We seek franchisees of successful, non-competitive brands operating in our expansion markets. Through strategic networking and participation in select franchise conferences, we aim to identify highly-qualified prospects. Additionally, we market our franchise opportunities with the support of a franchising section on our website and printed brochures.

Franchise Owner Support

We believe creating a foundation of initial and on-going support is important to future success for both our franchisees and our brand. For that reason, we have structured our corporate staff, programs and communication systems to ensure that we are delivering high-quality support to our franchisees.

We have a mandatory training program that was designed to ensure that our franchise owners and their managers are equipped with the knowledge and skills necessary for success. The program consists of hands-on training in the operation and management of the restaurant. Training is conducted by a general training manager who has been certified by us for training. Instructional materials for the initial training program include our operations manual, SPECS crew training system, wall charts, job aids, recipe books, product build cards, management training materials, ServSafe (food safety) book, videos and other materials we may create from time to time. Training must be successfully completed before a trainee can be assigned to a restaurant as a manager.

We also provide numerous opportunities for communication and shared feedback between us and franchise owners. Currently, we hold a franchise business update for all franchisees each month which includes multi-functional company representation and executive attendance. On a quarterly basis, we meet with our Franchise Leadership Team and Marketing Advisory Committee to share ideas and resolve issues. Yearly we hold a conference for our franchisees, vendors and company leaders to celebrate our shared successes, discuss best practices and set the course for the following year.

Marketing and Advertising

We promote our restaurants and products through our “Crazy You Can Taste” advertising campaign. The campaign aims to deliver our message of going to whatever lengths necessary to deliver fresh and healthier product offerings. The campaign emphasizes our points of differentiation, from our fresh ingredients and scratch preparation, to the cooking of our citrus-marinated chicken on open fire grills in full view in our kitchens.

We use multiple marketing channels, including television to broadly drive brand awareness and purchases of our featured products every five weeks. We advertise on local network and cable television in our primary markets, and utilize heavier cable schedules for some of our less developed markets. We complement this with direct mail and our My Loco Rewards e-mail marketing program, which allows us to reach more than 180,000 members. My Loco Rewards is our e-club program. The program offers every member that joins a complimentary order of our handmade guacamole and chips. We engage members via e-mails featuring news of promotional offers, member rewards and product previews. Members are offered complimentary two-piece meals or tostada salads during their birthday months. My Loco Rewards also allows members to voice their opinions through surveys that provide us with information that helps us define future product concepts. In addition, we use our database to survey and solicit new product ideas, which allows us to create a comprehensive product calendar that extends 18 months forward.

Through our public relations efforts we engage notable food editors and bloggers on a range of topics to help promote our products. In addition, we engage in one on one conversations using a portfolio of social media platforms which include Facebook, Twitter and Instagram. We also use social media as a research and customer service tool, and apply insight we gain to future marketing efforts.

We created El Pollo Loco Charities, a non-profit charity, to support the communities surrounding our restaurants. El Pollo Loco Charities has provided over 10,000 meals a year to underprivileged families through organizations like South County Food Outreach, Habitat for Humanity, Children’s Institute and CASA (Court Appointed Special Advocates).

Purchasing and Distribution

Maintaining a high degree of quality in our restaurants depends in part on our ability to acquire fresh ingredients and other necessary supplies that meet our specifications from reliable suppliers. We regularly inspect vendors to ensure that products purchased conform to our standards and that prices offered are competitive. We have a quality assurance team that performs comprehensive supplier audits on a frequency schedule based on the potential food safety risk of each product. We contract with MBM Corporation (our “primary distributor”), a major foodservice distributor, for substantially all of our food and supplies, including the poultry our restaurants receive from suppliers. Our primary distributor delivers supplies to most of our restaurants three times per week. Our distributor relationship with our primary distributor has been in place since 1997. Our restaurants located in Texas and Utah utilize regional distributors. Our franchisees are required to use our primary distributor or an approved regional distributor and franchisees must purchase food and supplies from approved suppliers. In our normal course of business, we evaluate bids from multiple suppliers for various products. Poultry is our largest product cost item and represented approximately 41% of our total food and paper costs for 2013. Fluctuations in supply and prices can significantly impact our restaurant service and profit performance. We actively manage cost volatility for poultry by negotiating with multiple suppliers and entering into what we believe are the most favorable contract terms given existing market conditions. In the past, we have entered into contracts ranging from two months to three years depending on current and expected market conditions. We currently source poultry from four suppliers with two accounting for approximately 90% of our planned purchases in 2014. We have entered into fixed price contracts with our two largest poultry suppliers through the end of 2014 with pricing generally favorable to current spot prices.

Intellectual Property

We have registered El Pollo Loco®, Pollo Bowl®, The Crazy Chicken® and certain other names used by our restaurants as trademarks or service marks with the United States Patent and Trademark Office and El Pollo Loco® in approximately 42 foreign countries. Our current brand campaign, Crazy You Can Taste™, has also been approved for registration with the United States Patent and Trademark Office. In addition, the El Pollo Loco logo, website name and address and Facebook and Twitter accounts are our intellectual property. Our policy is to pursue and maintain

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registration of service marks and trademarks in those countries where business strategy requires us to do so and to oppose vigorously any infringement or dilution of the service marks or trademarks in such countries. We maintain the recipe for our chicken marinade, as well as certain proprietary standards, specifications and operating procedures, as trade secrets or confidential proprietary information.

Competition

We operate in the restaurant industry, which is highly competitive and fragmented. The number, size and strength of competitors vary by region. Our competition includes a variety of locally owned restaurants and national and regional chains that offer dine-in, carry-out and delivery services. Our competition in the broadest perspective includes restaurants, pizza parlors, convenience food stores, delicatessens, supermarkets and club stores. There are no significant direct competitors with respect to menus that feature marinated, fire-grilled chicken. However, we indirectly compete with fast casual restaurants, including Chipotle, Panera, Qdoba, Rubio's and Taco Cabana, among others, and with chicken-specialty QSRs and Mexican QSRs, such as Chick-fil-A, Church's Chicken, KFC, Popeyes Louisiana Kitchen and Taco Bell, among others.

We believe competition within the fast casual restaurant segment is based primarily on ambiance, price, taste, quality and the freshness of the menu items as well as the convenience of drive-thru service. We also believe that QSR competition is based primarily on quality, taste, speed of service, value, brand recognition, restaurant location and customer service. In addition, we compete with franchisors of other restaurant concepts for prospective franchisees.

Environmental Matters

Our operations are also subject to federal, state and local laws and regulations relating to environmental protection, including regulation of discharges into the air and water, storage and disposal of waste and clean-up of contaminated soil and groundwater. Under various federal, state and local laws, an owner or operator of real estate may be liable for the costs of removal or remediation of hazardous or toxic substances on, in or emanating from such property. Such liability may be imposed without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances.

Certain of our properties may be located on sites that we know or suspect have been used by prior owners or operators as retail gas stations. Such properties previously contained underground storage tanks ("USTs"), and while we are not aware of any sites with USTs remaining, it is possible that some of these properties may currently contain abandoned underground storage tanks. We are aware of contamination from a release of hazardous materials by a previous owner at two of our owned properties and one of our leased properties. We do not believe that we have contributed to the contamination at any of these properties. The appropriate state agencies have been notified and these issues are being handled without disruption to our business. It is possible that petroleum products and other contaminants may have been released at other properties into the soil or groundwater. Under applicable federal and state environmental laws, we, as the current owner or operator of these sites, may be jointly and severally liable for the costs of investigation and remediation of any contamination. Although we lease most of our properties, or when we own the property we obtain certain assurances from the prior owner or often obtain indemnity agreements from third parties, we cannot assure you that we will not be liable for environmental conditions relating to our prior, existing or future restaurants or restaurant sites. If we are found liable for the costs of remediation of contamination at or emanating from any of our properties, our operating expenses would likely increase and our operating results would be materially adversely affected.

Since 2000, we have obtained "Phase One" environmental reports for new restaurants. Where warranted, we obtain updated reports, and if necessary in rare cases we obtain "Phase Two" reports. We have not conducted a comprehensive environmental review of all of our properties or operations. No assurance can be given that we have identified all of the potential environmental liabilities at our properties or that such liabilities will not have a material adverse effect on our financial condition.

Regulation and Compliance

We are subject to extensive federal, state and local government regulation, including those relating to, among others, public health and safety, zoning and fire codes, and franchising. Failure to obtain or retain food or other licenses

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and registrations or exemptions would adversely affect the operations of restaurants. Although we have not experienced and do not anticipate any significant problems in obtaining required licenses, permits or approvals, any difficulties, delays or failures in obtaining such licenses, permits, registrations, exemptions, or approvals could delay or prevent the opening of, or adversely impact the viability of, a restaurant in a particular area.

The development and construction of additional restaurants will be subject to compliance with applicable zoning, land use and environmental regulations. We believe federal and state environmental regulations have not had a material effect on operations, but more stringent and varied requirements of local government bodies with respect to zoning, land use and environmental factors could delay construction and increase development costs for new restaurants.

We are also subject to the Fair Labor Standards Act, the Immigration Reform and Control Act of 1986 and various federal and state laws governing such matters as minimum wages, overtime, unemployment tax rates, workers' compensation rates, citizenship requirements and other working conditions. A significant portion of the hourly staff is paid at rates consistent with the applicable federal or state minimum wage and, accordingly, increases in the minimum wage will increase labor costs. We are also subject to the Americans With Disabilities Act, which prohibits discrimination on the basis of disability in public accommodations and employment, which may require us to design or modify our restaurants to make reasonable accommodations for disabled persons.

For a discussion of the various risks we face from regulation and compliance matters, see "Risk Factors."

Management Information Systems

All of our company-operated and franchised restaurants use computerized point-of-sale and back office systems, which we believe are scalable to support our long term growth plans. The point-of-sale system provides a touch screen interface and integrated, high speed credit card and gift card processing. The point-of-sale system is used to collect daily transaction data, which generates information about daily sales and product mix that we actively analyze.

Our in-restaurant back office computer system is designed to assist in the management of our restaurants and provide labor and food cost management tools. The system also provides corporate headquarters and restaurant operations management quick access to detailed business data and reduces the time spent by our restaurant managers on administrative needs. The system also provides sales, bank deposit and variance data to our accounting department on a daily basis. For company-operated restaurants, we use this data to generate weekly consolidated reports regarding sales and other key measures, as well as preliminary weekly profit and loss statements for each location with final reports following the end of each period.

Employees

As of November 14, 2014, we had approximately 4,767 employees, of whom approximately 4,625 were hourly restaurant employees comprised of 3,978 crewmembers, 169 general managers, 194 assistant managers, 249 shift leaders and 35 employees in limited-time roles as acting managers or managers in training. The remaining 142 employees were corporate and office personnel. None of our employees are part of a collective bargaining agreement, and we believe our relationships with our employees are satisfactory.

Legal Proceedings

On or about 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 include 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, the ultimate outcome of the case is presently not determinable as it is in a preliminary phase. Thus, we cannot at this time determine the likelihood of an adverse judgment nor a likely range of damages in the event of an adverse judgment. Any settlement of or judgment with a negative outcome arising from such lawsuit could have an adverse material impact.

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

MANAGEMENT

Directors and Executive Officers Upon Completion of the Offering

The following table sets forth the name, age and position of individuals who currently serve as the directors and executive officers of El Pollo Loco Holdings, Inc.

Name	Age	Position
Stephen J. Sather	66	Director, President and Chief Executive Officer
Laurance Roberts	54	Chief Financial Officer
Kay Bogeajis	59	Chief Operating Officer
Edward Valle	53	Chief Marketing Officer
Michael G. Maselli	54	Chairman and Director
Dean C. Kehler	57	Director
Wesley W. Barton	37	Director
John M. Roth	56	Director
Douglas K. Ammerman	62	Director
Samuel N. Borgese	66	Director

Stephen J. Sather has been a director and our Chief Executive Officer and President since 2010. From 2006 to 2010, Mr. Sather was our Senior Vice President of Operations. From 2002 to 2005, he was Senior Vice President of Retail Operations for Great Circle Family Foods, a major California franchisee of Krispy Kreme Doughnuts stores. Mr. Sather holds a bachelor's degree in business administration from Miami University in Oxford, Ohio. Based on his extensive industry and management experience in the casual dining and quick-service sectors, his familiarity with us, his deep understanding of restaurant operations, and his work at a franchisee organization, Mr. Sather is well-qualified to lead us and to serve on our board.

Laurance Roberts has been our Chief Financial Officer and Treasurer since July 2013. From 2008 to 2012 he was Chief Operating Officer for KFC, a major fried chicken restaurant chain and a division of Yum Brands. In 2008, he was also General Manager for KFC Restaurant Operating Company. Before that, he spent three years as Chief Financial Officer of KFC, and three years as Chief Financial Officer of Yum Brands' Pizza Hut joint venture in the United Kingdom. Mr. Roberts holds an MBA from the University of Michigan and a bachelor's degree in economics from Bucknell University.

Kay Bogeajis has been our Chief Operating Officer since July 2013. From 2007 to 2013, she was Vice President of Retail Operations for Peet's Coffee & Tea. From 1997 to 2007, Ms. Bogeajis was employed by Yum Brands, where from 2003 to 2007 she served as Head Coach of Western Operations and where from 2001 to 2003 she was Vice President of Systemwide Operations for the Taco Bell division. Ms. Bogeajis has a Bachelor of Science degree from San Diego State University.

Edward Valle has been our Chief Marketing Officer since October 2011. From 2009 to 2010, he was Chief Marketing Strategist for Choice Hotels International, responsible for brand strategy, advertising, marketing, media, promotional and loyalty initiatives. From 2005 to 2009, he was Vice President of Marketing at the Panera Bread Company. Before that, he held marketing leadership positions at Dunkin' Donuts, Subway Restaurants and Diageo. Mr. Valle holds an MBA from Fordham University and a bachelor's degree in operations and logistics management from Michigan State University.

Michael G. Maselli has been Chairman of our Board of Directors since 2011. Mr. Maselli is a managing director of Trimaran Fund Management, L.L.C. Before joining Trimaran in February 2003, Mr. Maselli worked in the Corporate and Leverage Finance Groups of CIBC World Markets. Prior to joining CIBC in 1997, Mr. Maselli served as a Managing Director in Bear Stearns' corporate finance group and, prior to that, as a Vice President at Kidder Peabody & Co. Incorporated. Mr. Maselli has served on the board of directors of Norcraft Companies, Inc. since July 2013, and on board of managers of its predecessor company since 2003. Mr. Maselli currently also serves on the board of Educational Services of America, Inc. He previously served on the board of directors of Standard Steel, LLC, and was director as well as Chairman of the Board of CB Holding Corp. Mr. Maselli received an MBA with distinction

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from The A.B. Freeman School at Tulane University and a bachelor's degree in economics from the University of Colorado. With his extensive background in banking, finance, and private equity, his supervisory and investment experience in a variety of industries, and his knowledge of us and our affiliates, Mr. Maselli is well-qualified to serve as our Chairman.

Dean C. Kehler has been a director since 2005. In 2000, he co-founded Trimaran, one of our principal investors, where he is a Managing Partner. From 1995 to 2000, Mr. Kehler held senior positions at CIBC, including Vice Chairman of CIBC World Markets Corp. Mr. Kehler has served on the board of directors of KCAP Financial, Inc., since February 2012. He holds a bachelor's degree from the Wharton School of the University of Pennsylvania. Because of his strong background in banking and finance, his many years of experience overseeing this and other corporations, and his knowledge of management and strategy, Mr. Kehler is well-qualified to serve on our board.

Wesley W. Barton has been a director since 2011. Since 2007, he has been employed by Trimaran Capital Partners, one of our principal investors, where he is a Vice President. From 2005 to 2007, Mr. Barton was an associate at Banc of America Securities, the broker-dealer arm of Bank of America. From 2002 to 2005, he was an associate at the law firm of Skadden, Arps, Slate, Meagher & Flom LLP. He has a JD from Duke University. Based on his skills in banking, private financing, mergers and corporate law, Mr. Barton is well-qualified to serve on our board.

John M. Roth has been a director since 2007. He has been with Freeman Spogli, one of our principal investors, since 1988, and has been a General Partner there since 1993, where he now serves as President and Chief Operating Officer. From 1984 to 1988, Mr. Roth was employed by Kidder, Peabody & Co. Incorporated in the Mergers and Acquisitions Group. Mr. Roth received an MBA and a bachelor's degree from the Wharton School of the University of Pennsylvania. Mr. Roth has served on the board of directors of Floor & Decor Holdings, Inc. since November 2010 and hhgregg, Inc., since February 2005. With his extensive experience as a board member of numerous retail and consumer businesses and his experience and insights into strategic expansion opportunities, capital markets and capitalization strategies, Mr. Roth is well-qualified to serve on our board.

Douglas K. Ammerman has been a director since 2007. Since retiring as a Partner from KPMG in 2002, Mr. Ammerman has been a director for Fidelity National Financial, Inc., since 2005, William Lyon Homes since 2007, Stantec Inc. since 2011 and Remy International, Inc., since 2013. In the past five years, Mr. Ammerman has also served on the board of Quiksilver, Inc. He holds a master's degree in business taxation from the University of Southern California, a bachelor's degree from California State University, Fullerton, and is a CPA, inactive. Based on his fulsome knowledge of accounting, corporate governance, and of the restaurant industry, Mr. Ammerman is well-qualified to serve on our board.

Samuel N. Borgese has been a director since 2011, and served as Chairman of our Board of Directors in 2011, while he also served as our Executive Chairman. Mr. Borgese is currently Chief Executive Officer of Logan's Roadhouse, a casual dining steakhouse chain. From 2011 to 2014, he was Chief Executive Officer of Max Brenner International, a chocolatier. From 2008 to 2011, he was first Interim President and Chief Executive Officer and then permanent President and Chief Executive Officer of CB Holding Corp., the parent of Charlie Brown's Steakhouse and other chains, which was owned by Trimaran, one of our principal investors. From 2003 to 2008, he was employed by Catalina Restaurant Group, first as Chief Development Officer and later as President and Chief Executive Officer. Before that, Mr. Borgese was Chief Executive Officer of an enterprise software company that supported 300 restaurant, retail and hospitality businesses in the lifecycle management of their real estate assets. Mr. Borgese holds a Certificate of Director Education from the National Association of Corporate Directors. With more than 30 years of senior executive and other leadership positions with public and private companies in the restaurant, retail and hospitality sectors, Mr. Borgese is well-qualified to serve on our board.

Board Composition and Election of Directors

Our certificate of incorporation provides that the number of directors on our board is to be fixed exclusively pursuant to board resolution. The exact size of our board shall be determined from time to time by the board. In the near future, we intend to appoint an additional director who satisfies the independence requirements of the NASDAQ. Wesley W. Barton has agreed to resign from the board upon that appointment. Our board of directors is divided into three classes, with each director serving a three-year term and with one class to be elected at each year's annual meeting of stockholders.

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We are a party to a stockholders agreement with LLC, whose members are investment funds managed by affiliates of Trimaran and Freeman Spogli, certain members of our management and other third party investors. The stockholders agreement provides certain rights to LLC, including registration rights for common stock owned by LLC. The limited liability company operating agreement of LLC also provides rights to Trimaran and Freeman Spogli, including certain registration rights. See “Certain Relationships and Related Party Transactions.”

Our certificate of incorporation provides that directors may only be removed for cause by a majority of the voting power of our then outstanding stock voting as a single class at a meeting of stockholders. However, if LLC beneficially owns more than 40% of our common stock, directors may be removed with or without cause, by a majority of the voting power of our outstanding stock voting as a single class. The certificate also provides that, if a director is removed or if a vacancy occurs due to either an increase in the size of the board or due to death, resignation, disqualification or other cause, the vacancy will be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum remains.

Because LLC will continue to control more than 50% of the voting power of our common stock following this offering, we will continue to use the “controlled company” exception under NASDAQ rules. The “controlled company” exception eliminates the requirements that we have (a) a majority of independent directors on our board and (b) compensation and nominating/corporate governance committees composed entirely of independent directors, as independence is defined in Rule 10A-3 of the Exchange Act and under the listing standards. The “controlled company” exception does not modify the independence requirements for the audit committee, and we comply with the requirements of Sarbanes-Oxley and the NASDAQ by having an audit committee with a majority of independent directors. One year from our IPO, we will be required to have an audit committee comprised entirely of independent directors. Douglas K. Ammerman and Samuel N. Borgese currently qualify as independent.

If at any time we cease to be a “controlled company” under NASDAQ rules, our board of directors will take all action necessary to comply with the applicable NASDAQ rules, including appointing a majority of independent directors to our board of directors and establishing certain committees composed entirely of independent directors, subject to a permitted “phase-in” period.

Board Committees

Our board of directors has established standing committees in connection with the discharge of its responsibilities. These committees include an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Our board of directors has adopted written charters for each of these committees, available at www.elpollo.com. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Our Audit Committee is comprised of Dean C. Kehler, Douglas K. Ammerman, and Samuel N. Borgese. We are relying on the phase-in rules of the Exchange Act and the NASDAQ with respect to the independence of our audit committee. These rules require us to have an audit committee that has a majority of independent members within 90 days of our IPO and all members who are independent within one year thereof. The functions of our Audit Committee, among other things, include:

- reviewing our financial statements, including any significant financial items and changes in accounting policies, with our senior management and independent registered public accounting firm;
- reviewing our financial risk and control procedures, compliance programs and significant tax, legal and regulatory matters;
- appointing and determining the compensation for our independent auditors;
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and
- reviewing and overseeing our independent registered public accounting firm.

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Our board of directors has determined that Douglas K. Ammerman qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and that Douglas K. Ammerman is independent as independence is defined in Rule 10A-3 of the Exchange Act and under NASDAQ listing standards.

Compensation Committee

Our Compensation Committee is comprised of Michael G. Maselli, John M. Roth, and Douglas K. Ammerman. The functions of our Compensation Committee, among other things, include:

- reviewing and approving corporate goals and objectives relevant to the compensation of certain of our key executives, evaluating the performance of these executives in light of those goals and objectives, and determining the compensation of these executives based on that evaluation;
- reviewing and approving executive officer and director compensation;
- reviewing and approving overall compensation programs; and
- administering our incentive compensation and equity-based plans.

In order to comply with certain SEC and tax law requirements, our compensation committee (or a subcommittee of the compensation committee) must consist of at least two directors that qualify as “non employee directors” for the purposes of Rule 16b-3 under the Exchange Act and satisfy the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). Our board of directors has determined that Michael G. Maselli, John M. Roth and Douglas K. Ammerman each qualify as “non employee directors” and “outside directors.”

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee is comprised of Dean C. Kehler, Michael G. Maselli, and John M. Roth. The functions of our Nominating and Corporate Governance Committee, among other things, include:

- identifying individuals qualified to become board members and recommending director nominees and board members for committee membership;
- developing and recommending to our board corporate governance guidelines; and
- overseeing the evaluation of our board of directors and its committees and management.

Risk Oversight

Our board of directors oversees a company-wide approach to risk management that is carried out by management. Our board of directors determines the appropriate risk for us generally, assesses the specific risks faced by us and reviews the steps taken by management to manage those risks.

While our board of directors maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. Additionally, our Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements, and the incentives created by the compensation awards it administers. Our Audit Committee oversees management of enterprise risks and financial risks, as well as potential conflicts of interests. Our Nominating and Corporate Governance Committee is responsible for overseeing the management of risks associated with the independence of our board of directors. Pursuant to our board of directors’ instruction, management regularly reports on applicable risks to the relevant committee or the board of directors, as appropriate, with additional review or reporting on risks conducted as needed or as requested by our board of directors and its committees.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee has ever been an officer or employee of us. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board

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committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers and employees, available at www.elpolloloco.com. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

Corporate Governance Guidelines

Our board of directors has adopted corporate governance guidelines to assist our board of directors in the exercise of its fiduciary duties and responsibilities to us and to promote the effective functioning of our board of directors and its committees. Our corporate governance guidelines cover, among other topics:

- director independence and qualification requirements;
- board leadership and executive sessions;
- limitations on other board and committee service;
- director responsibilities;
- director compensation;
- director orientation and continuing education;
- board and committee resources, including access to officers and employees;
- succession planning; and
- board and committee self-evaluations.

The corporate governance guidelines are available on our website, www.elpolloloco.com. We expect that any amendments to the guidelines will be disclosed on our website.

EXECUTIVE COMPENSATION

We are providing compensation disclosure that satisfies the requirements applicable to emerging growth companies, as defined in the JOBS Act. As an emerging growth company, we have opted to comply with the executive compensation rules applicable to “smaller reporting companies,” as such term is defined under the Securities Act, which require compensation disclosure for our principal executive officer and the two most highly compensated executive officers other than our principal executive officer. The table below sets forth the annual compensation earned during fiscal 2013 by our principal executive officer and our next two most highly compensated executive officers (our “named executive officers” or “NEOs”).

2013 Summary Compensation Table

Name and Principal Position	Year	Salary	Option Awards⁽³⁾	Non-Equity Incentive Plan Compensation⁽⁴⁾	All Other Compensation⁽⁵⁾	Total
Stephen J. Sather <i>President & Chief Executive Officer</i>	2013	\$436,567	\$ 0	\$ 349,083	\$ 41,797	\$827,447
Laurance Roberts ⁽¹⁾ <i>Chief Financial Officer</i>	2013	\$138,795	\$ 427,837	\$ 112,718	\$ 12,717	\$692,067
Kay Bogeajis ⁽²⁾ <i>Chief Operating Officer</i>	2013	\$111,099	\$ 427,837	\$ 94,558	\$ 7,197	\$640,691

(1) Mr. Roberts commenced employment as our Chief Financial Officer on July 15, 2013.

(2) Ms. Bogeajis commenced employment as our Chief Operating Officer on July 29, 2013.

(3) Represents the grant date fair value of options awarded during 2013, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). For a summary of the assumptions made in the valuation of these awards, please see Note 12 to our consolidated financial statements included elsewhere in this prospectus.

(4) Represents performance-based bonuses earned by our NEOs in respect of our performance in 2013. The material terms of the non-equity incentive plan compensation paid to our named executive officers in our last completed fiscal year are described below in the section entitled “—Elements of Compensation—2013 Bonus Arrangements.”

(5) For Messrs. Sather and Roberts and Ms. Bogeajis, includes the following perquisites and benefits:

- Gas Card Benefits: \$5,124.08, \$543.56 and \$1,498.86, respectively;
- 401(k) Plan Matching Contribution: \$10,197.06, \$0 and \$0, respectively;
- Auto Allowance: \$7,476.84, \$3,267.66 and \$2,990.74, respectively; and
- Other Benefits (including health and welfare benefits): \$18,998.56, \$8,905.90 and \$2,707.52, respectively.

Employment Agreements

Each of our NEOs is a party to an employment agreement. The employment agreements are substantially similar. We entered into an employment agreement in 2006 with Mr. Sather (which was amended and restated in 2011), in 2013 with Mr. Roberts and Ms. Bogeajis. The employment agreements provide that Messrs. Sather and Roberts and Ms. Bogeajis will receive salaries equal to \$350,000, \$300,000, and \$275,000, respectively, which may be adjusted in our sole discretion (and, with respect to Mr. Sather have been adjusted up as shown in “—Summary Compensation Table”) and also provides that we will reimburse Mr. Roberts for certain relocation expenses. Each employment agreement also provides that each executive will be eligible to earn annual bonus awards with a target of 75% of the executive’s then current base salary and that each executive is entitled to receive certain other benefits and perquisites as more fully described in the “—Elements of Compensation—Other Benefits” section. The employment agreements provide that the NEOs’ employment with us is “at will” and may be terminated at any time by either party, provided the NEOs are required to provide us with 90-day advance notice in case of resignation. If we terminate an NEO’s employment without “cause,” as defined in the respective employment agreement, or if the agreement is terminated by the NEO for “good reason,” as defined in the respective employment agreement, and provided that the NEO signs a general release of claims, the NEO will be entitled to receive continuation of base salary for 12 months following

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termination of employment. In addition, in case of any termination of employment, except termination by us for “cause” or voluntary resignation by the NEO, each NEO will be entitled to receive a pro-rata bonus for the year of termination based on our actual performance. Finally, in case of any termination of employment the NEO will be entitled to receive certain accrued obligations (including base salary through the date of termination, reimbursement of unreimbursed business expenses, and any earned but unpaid annual bonus for the previously completed year). The employment agreements contain 12-month post-termination covenants relating to non-interference and non-solicitation of employees.

Elements of Compensation

Each of the named executive officers was provided with the following primary elements of compensation in 2013:

Base Salary

Each named executive officer received a fixed base salary in an amount determined in accordance with the executive’s employment agreement and based on a number of factors, including:

- The nature, responsibilities and duties of the officer’s position;
- The officer’s expertise, demonstrated leadership ability and prior performance;
- The officer’s salary history and total compensation, including annual cash bonuses and long-term incentive compensation; and
- The competitiveness of the market for the officer’s services.

Each named executive officer’s base salary for 2013 is listed in “—Summary Compensation Table.”

2013 Bonus Arrangements

Each named executive officer was eligible to earn an annual cash incentive in 2013. Our practice with respect to annual incentive compensation has historically been to provide an opportunity to earn bonus awards based on the achievement of company performance measures, specifically EBITDA adjusted for various add-backs permitted by our credit agreements (“Internal EBITDA”). Our El Pollo Loco Support Center Incentive Plan is adopted on an annual basis subject to approval by our board of directors and provides the opportunity for each of our NEOs to earn a bonus equal to 75% of their annual base salary at target for each year, based on our achievement of Internal EBITDA targets. The Internal EBITDA targets are set each year based on achievement of strategic goals and financial results. The cash incentive plan also provides for no bonus to be paid if Internal EBITDA achievement is less than 92.5% of target and for a cap equal to 200% of the target bonus amount to be paid if Internal EBITDA achievement is 125% of target or greater. Based on our performance, bonuses for 2013 were paid out at 110.82% of target.

Equity Grants

All of our outstanding equity awards are governed by our 2014 Omnibus Equity Incentive Plan (the “2014 Plan”). Prior to the adoption of the 2014 Plan we maintained the 2005 Stock Option Plan (the “2005 Plan”) and 2012 Stock Option Plan (the “2012 Plan”), both of which provided for the issuance of stock options. In addition, option awards were outstanding under certain exchange option award agreements relating to the exchange of options of the former EPL Holdings, Inc., at the time of its purchase by us (all awards under the 2005 Plan, 2012 Plan and such exchange options, the “Prior Awards”). Upon the adoption of the 2014 Plan, Prior Awards became governed by the 2014 Plan and their respective award or exchange agreements, to the extent that the terms of such agreements are not inconsistent with the 2014 Plan. No further awards under the 2005 Plan and 2012 Plan will be made.

Exchange Options

At the time we were acquired by Trimaran Pollo Partners, L.L.C., in 2005, certain of our employees held options in our predecessor entity, which were converted into options to purchase our common stock. None of our NEOs hold

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any of such options. All such options are currently vested and exercisable. Generally, upon an employee's termination of employment with us, the employee will have 90 days following the date of such termination to exercise any portion of such options. If the employee's termination is due to his retirement or total and permanent disability or death, the employee or his estate, as applicable, may exercise any portion of the options for nine months. In no event will an employee be entitled to exercise the option after its original expiration date. All options will be forfeited if an employee's employment is terminated for cause, as defined in the respective option agreement.

Options Previously Granted Under 2005 Stock Option Plan

In 2005, we adopted the 2005 Plan in order to provide a means to attract, retain and motivate our directors, employees, and other service providers upon whose judgment, initiative and efforts our continued success, growth and development are dependent. All options that were granted under the 2005 Plan are vested (or will vest as of the end of April 2014). None of our NEOs hold any of such options. Such options will expire no later than the 10th anniversary of the grant. Generally, upon an employee's termination of employment with us, the employee will have 90 days following the date of such termination to exercise any portion of the options. If the employee's termination is due to his retirement, total and permanent disability or death, the employee or his estate, as applicable, may exercise any portion of the options for nine months. In no event will an employee be entitled to exercise the option after its original expiration date. All options will be forfeited if an employee's employment is terminated for cause. In order to be eligible to receive these option grants employees were required to agree to be bound by one-year post-termination covenants relating to non-competition, non-interference and non-solicitation of employees.

Options Previously Granted Under 2012 Stock Option Plan

In 2012, we adopted the 2012 Plan in order to advance our interests by providing for grants of stock options to certain individuals. Generally, 50% of these options vest 25% on each of the first four anniversaries of grant. The initial grants in 2012 were a one-time exception, with a portion of the grants vesting at the time of grant. The remaining 50% vest 25% per year, based on achievement of Consolidated EBITDA (as such term is defined in the First Lien Credit Agreement) targets for such year or in some circumstances of cumulative Consolidated EBITDA targets over multiple years. Such options will expire no later than the 10th anniversary after grant. Generally, upon an employee's termination of employment with us, the employee will have 90 days following the date of such termination to exercise any portion of the options. If the employee's termination is due to his total and permanent disability or death, the employee or his estate, as applicable, may exercise any portion of the options for six months. In no event will an employee be entitled to exercise the option after its original expiration date. All options will be forfeited if an employee's employment is terminated for cause. We also granted options with strike prices in excess of the fair market value of our stock on the date of grant. These premium options were intended as a further stretch incentive to encourage growth that meets or exceeds the premium level.

Other Benefits

In 2013, our NEOs were provided with certain limited fringe benefits that we believe are commonly provided to similarly situated executives in the market in which we compete for talent and therefore are important to our ability to attract and retain top-level executive management. These benefits include a monthly automobile allowance, a business transportation allowance and a gas card allowance. The amounts paid to NEOs in 2013 in respect of these benefits is reflected above in the "—Summary Compensation Table" section under the "All Other Compensation" heading.

All employees are eligible to participate in broad-based and comprehensive employee benefit programs, including medical, dental, vision, life and disability insurance and a 401(k) plan. Our named executive officers are eligible to participate in these plans generally on the same basis as our other employees. We do not sponsor or maintain any deferred compensation or supplemental retirement plans in addition to our 401(k) plan. Our 401(k) plan provides substantially all employees with the ability to make pre- or post-tax retirement contributions in accordance with applicable IRS limits. Matching contributions are provided in an amount equal to 100% of the first 3% of elective contributions and 50% of the next 2% of contributions by the employee. The 401(k) plan matching contributions provided to our named executive officers in 2013 are reflected above in the "—Summary Compensation Table" section under the "All Other Compensation" heading.

[Table of Contents](#)**2013 Outstanding Equity Awards at Fiscal Year End Table**

The following table sets forth outstanding equity option awards as of December 25, 2013:

Name	Number of Securities Underlying Unexercised Options		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date
	Exercisable	Unexercisable			
Stephen J. Sather					
(1)	353,257	141,303	70,651	\$ 2.62	April 16, 2022
(1)	706,514	282,606	141,303	\$ 5.84	April 16, 2022
Laurance Roberts(2)	12,306	49,242	36,936	\$ 4.09	July 15, 2023
	24,621	98,484	73,863	\$ 5.84	July 15, 2023
Kay Bogeajis(2)	12,306	49,242	36,936	\$ 4.09	July 29, 2023
	24,621	98,484	73,863	\$ 5.84	July 29, 2023

(1) 50% of the option award vests based upon continued employment ("Time-Based Options") and the remaining 50% shall vest based upon the attainment of certain performance goals ("Performance-Based Options"). 25% of the Time-Based Options vest on the date of grant and an additional 25% vest on each of the first three anniversaries of the date of grant. The Performance-Based Options vest 25% each year based upon the attainment of certain performance goals for the years 2011, 2012, 2013 and 2014 or cumulative performance goals over all or a portion of this time period.

(2) 50% of the option award vests based upon continued employment ("Time-Based Options") and the remaining 50% shall vest based upon the attainment of certain performance goals ("Performance-Based Options"). The Time-Based Options vest in four equal installments on each of the first four anniversaries of the date of grant. The Performance-Based Options vest 25% each year based upon the attainment of certain performance goal for the years 2013, 2014, 2015 and 2016 or cumulative performance goals over all or a portion of this time period.

Director Compensation

The following table provides compensation information for fiscal 2013 for each of our independent directors. Directors who are not independent do not receive compensation for their services as directors.

Name	Fees Earned or Paid in Cash	Total
Samuel N. Borgese	\$ 40,000	\$40,000
Douglas K. Ammerman	\$ 40,000	\$40,000

Each of our two independent directors, Messrs. Borgese and Ammerman, receive an annual cash retainer fee of \$50,000, which is paid quarterly. In addition, Messrs. Borgese and Ammerman each received a grant of 3,333 restricted shares under the 2014 Plan in connection with our IPO, equivalent to \$50,000 per capita 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.

In accordance with our director compensation program, Messrs. Borgese and Ammerman each will receive an annual grant of restricted shares with grant date value of \$50,000.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policy Concerning Related Party Transactions

We intend to adopt a written policy relating to the approval of related party transactions. Our Audit Committee is to review certain financial transactions, arrangements, and relationships between us and any of the following related parties to determine whether any such transaction, arrangement, or relationship is a related party transaction:

- any of our directors, director nominees or executive officers;
- any beneficial owner of more than 5% of our outstanding stock; and
- any immediate family member of any of the foregoing.

Our Audit Committee will review any financial transaction, arrangement or relationship that:

- involves or will involve, directly or indirectly, any related party identified above and is in an amount greater than \$120,000;
- would cast doubt on the independence of a director;
- would present the appearance of a conflict of interest between us and the related party; or
- is otherwise prohibited by law, rule or regulation.

The Audit Committee will review each such transaction, arrangement or relationship to determine whether a related party has, has had or expects to have a direct or indirect material interest. Following its review, the Audit Committee will take such action as it deems necessary and appropriate under the circumstances, including approving, disapproving, ratifying, canceling or recommending to management how to proceed if it determines a related party has a direct or indirect material interest in a transaction, arrangement or relationship with us. Any member of the Audit Committee who is a related party with respect to a transaction under review will not be permitted to participate in the discussions or evaluations of the transaction; however, the Audit Committee member will provide all material information concerning the transaction to the Audit Committee. The Audit Committee will report its action with respect to any related party transaction to the board of directors.

Stockholders Agreement

We are a party to a stockholders agreement with LLC and certain third-party investors. The stockholders agreement permits (i) LLC to make an unlimited number of requests that we use our best efforts to register our shares under the Securities Act and (ii) Freeman Spogli to make two requests that we use our best efforts to register its shares under the Securities Act, for so long as they own 10% or more of the membership interests of LLC, two years after the completion of our IPO. Pursuant to the stockholders agreement, LLC may also preempt any demand request by Freeman Spogli, in which case participation in such demand registration by LLC and Freeman Spogli shall be on a pro rata basis. In demand registrations, subject to certain exceptions, the parties to the stockholders agreement have certain rights to participate on a pro rata basis, subject to certain conditions. In addition, if we decide to sell our common stock, LLC and the other parties to the stockholders agreement, including members of our management, will also have certain rights to participate on a pro rata basis, subject to certain conditions. The LLC Agreement, described below, provides that, to the extent LLC does not exercise these “piggyback” rights, any member of LLC may require us to include in any registered offering the pro rata portion of securities owned by such member through LLC.

Upon the earlier of 180 days after our IPO and the end of the lock-up period entered into as part of our IPO, LLC and its members will, under the stockholders agreement, be entitled, subject to certain exceptions, to exercise demand registration rights to register their shares of the common stock under the Securities Act. By exercising these registration rights, and selling a large number of shares of our common stock, the price of our common stock could decline. Approximately 23,039,978 shares of common stock will be subject to the registration rights agreement upon completion of this offering.

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In connection with this offering, the representatives of the underwriters for our IPO have agreed to waive the lock-up restrictions applicable to us and the selling stockholders in order to permit the filing of the registration statement of which this prospectus forms a part and the registration of our common stock thereby.

At least 10 days prior to the anticipated filing date of any registration statement, notice is to be given to all holders of registrable securities party to the stockholders agreement outlining their rights to include their shares in that registration statement, and we must use our best efforts to register any securities which such holders request, within 10 days of receipt of notice, to be registered. A stockholder may, until seven days prior to the effectiveness of a registration statement, withdraw any securities that it has previously elected to include pursuant to piggyback registration rights. Any sales of registrable securities pursuant to demand rights must be on the same terms and conditions as those applying to us or any selling stockholder.

After this offering, the stockholders with these registration rights will hold an aggregate of 23,039,978 shares of our common stock. We will be required to bear substantially all costs incurred in these registrations, other than underwriting discounts and commissions. The registration rights described above could result in substantial future expenses for us and adversely affect any future equity or debt offerings.

LLC Agreement

Affiliates of Trimaran, Freeman Spogli and certain other third-party investors have entered into a limited liability company operating agreement (the “LLC agreement”) for LLC. The LLC agreement generally restricts the transfer of interests in LLC owned by the parties other than affiliates of Trimaran. Exceptions to this restriction include transfers to affiliates. In addition, the third-party investors have “tag-along” rights to sell their interests on a pro rata basis with Trimaran affiliates in significant sales to third parties. Similarly, Trimaran affiliates have “drag-along” rights to cause Freeman Spogli and the third-party investors to sell their interests, on a pro rata basis with Trimaran affiliates, in significant sales to third parties. The members of LLC have preemptive rights in order to maintain their respective percentage ownership interests in LLC in the event of an issuance of additional membership interests.

The LLC agreement permits a member of LLC who holds more than 15% of LLC’s outstanding membership units, following the later of 270 days after completion of our IPO and the time we become eligible to register securities on Form S-3, to cause LLC to exercise its registration rights (as described under “—Stockholders Agreement”) with respect to the pro rata portion of securities owned by such member through LLC, subject to certain exceptions. To the extent that LLC does not exercise the “piggyback” rights described under “—Stockholders Agreement,” any member of LLC may require us to include in any registered offering the pro rata portion of securities owned by such member through LLC.

Under the terms of the LLC agreement, LLC is solely managed by a Trimaran affiliate. Through the LLC agreement, Trimaran affiliates also have the right to designate at least a majority of the directors on our board of directors, and other investors (including Freeman Spogli) holding at least 15% of the outstanding interests have the right to designate one director to our board of directors, provided that Freeman Spogli has the right to designate one director to our board of directors for so long as it owns 5% or more of LLC. The LLC agreement terminates and LLC will be dissolved and its affairs wound up at the earlier of (1) the election of the managing member or (2) six years following the completion of our IPO.

Monitoring and Management Services Agreement

Under the terms of a monitoring and management services agreement (the “management agreement”), entered into between us and affiliates of Trimaran and Freeman Spogli (together, the “Sponsor Advisors”), we paid an annual advisory and monitoring fee of \$357,000, which was paid in advance in quarterly installments of \$89,250 to an affiliate of Trimaran and \$143,000, which was paid in advance in quarterly installments of \$35,750 to an affiliate of Freeman Spogli for services provided by the Sponsor Advisors to us. The management agreement provided that we indemnify the Sponsor Advisors and their affiliates and their respective partners, members, directors, officers, employees and agents in connection with the services rendered to us under the agreement. It also provided that we reimburse the Sponsor Advisors for certain services to be provided to us on a going-forward basis. The management agreement also provided for the payment of certain transaction fees payable by us to the Sponsor Advisors in connection with future investment banking and related services and for the reimbursement by us of expenses incurred by the Sponsor Advisors in connection with such services, if the Sponsor Advisors determined to provide such services. The management agreement was terminated as of our IPO.

Income Tax Receivable Agreement

We expect to be able to utilize net operating losses and other tax attributes that arose prior to our IPO, assuming generation of future income. These net operating loss carryforwards and other tax attributes will reduce the amount of tax that we and our subsidiaries would otherwise be required to pay in the future.

We have entered into an income tax receivable agreement with our existing stockholders that provides for the payment by us to our existing stockholders of 85% of the amount of cash savings, if any, in United States federal, state, local, and foreign income tax that we and our subsidiaries actually realize (or are deemed to realize in the case of an early termination by us or a change of control, as discussed below) as a result of the utilization of our net operating losses and other tax attributes attributable to periods prior to our IPO together with interested accrued at a rate of LIBOR plus 200 basis points from the date the applicable tax return is due (without extension) until paid.

For purposes of the income tax receivable agreement, cash savings in income tax is computed by comparing our actual income tax liability to the amount of such taxes that we would have been required to pay had we not been able to utilize the tax benefits subject to the income tax receivable agreement. The term of the income tax receivable agreement will continue until all relevant tax benefits have been utilized or have expired.

Our counterparties under the income tax receivable agreement will not reimburse us for any benefits that are subsequently disallowed (although any future payments would be adjusted to the extent possible to reflect the result of such disallowance). As a result, in such circumstances we could make payments under the income tax receivable agreement that are greater than our actual cash tax savings.

While the actual amount and timing of any payments under the income tax receivable agreement will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries' taxable income in the future, we expect that during the term of the income tax receivable agreement, the payments that we may make could be material. Assuming no material changes in relevant tax law, and that we earn sufficient taxable income to realize the full tax benefits subject to the income tax receivable agreement, we expect that future payments under the income tax receivable agreement will total approximately \$40 million relating to the present value, and this amount has been accrued as of September 24, 2014.

If we undergo a change of control, the income tax receivable agreement will terminate, and we will be required to make a payment equal to the present value of future payments under the income tax receivable agreement, which payment would be based on certain assumptions (the "valuation assumptions"), including those relating to our future taxable income. Additionally, if we or a direct or indirect subsidiary transfers any asset to a corporation with which we do not file a consolidated tax return, we will be treated as having sold that asset in a taxable transaction for purposes of determining the cash savings in income tax under the income tax receivable agreement. Any such payment resulting from a change of control or asset transfer could be substantial and could exceed our actual cash tax savings.

The income tax receivable agreement provides that in the event that we breach any of our material obligations under it, whether as a result of our failure to make any payment when due (subject to a specified cure period), failure to honor any other material obligation under it or by operation of law as a result of the rejection of it in a case commenced under the United States Bankruptcy Code or otherwise, then all our payment and other obligations under the income tax receivable agreement will be accelerated and will become due and payable, applying the same valuation assumptions discussed above, including those relating to our future taxable income. Such payments could be substantial and could exceed our actual cash tax savings. Additionally, we generally have the right to terminate the income tax receivable agreement. If we terminate the income tax receivable agreement, our payment and other obligations under the income tax receivable agreement will be accelerated and will become due and payable, also applying the valuation assumptions discussed above. Such payments could be substantial and could exceed our actual cash tax savings.

Because we are a holding company with no operations of our own, our ability to make payments under the income tax receivable agreement is dependent on the ability of our subsidiaries to make distributions to us. Our credit agreement restricts the ability of our subsidiaries to make distributions to us, which could affect our ability to make payments under the income tax receivable agreement. On July 9, 2014, we agreed with our lenders to amend the terms of our First Lien Credit Agreement to remove restrictions on capital expenditures and permit special dividend

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payments of up to \$11 million per fiscal year (not to exceed \$33 million in the aggregate) for purposes of our income tax receivable agreement, while the first Lien Credit Agreement is outstanding. These Amendment provisions became operative upon the repayment in full of our Second Lien Term Loan. To the extent that we are unable to make payments under the income tax receivable agreement for any reason, such payments will be deferred and will accrue interest at a rate of LIBOR plus 200 basis points per annum until paid.

Franchise Development Option Agreement

On July 11, 2014, EPL and LLC entered into a Franchise Development Option Agreement (the “Franchise Option Agreement”) in connection with the development of El Pollo Loco restaurants in the New York–Newark, NY–NJ–CT–PA Combined Statistical Area (the “Territory”). Pursuant to the terms of the Franchise Option Agreement, EPL has granted LLC the exclusive option to develop and open 15 restaurants within the New York Territory over 5 years (the “Initial Option”), and, provided the Initial Option is exercised, the exclusive option to develop and open up to an additional 100 restaurants within the Territory over 10 years (the “Additional Option”). The Franchise Option Agreement will terminate (i) ten years from the date of its execution or (ii) if the Initial Option is exercised, five years from the date of the exercise of the Initial Option. LLC may only exercise the Initial Option after EPL has made the determination to begin development of Company-operated restaurants within the Territory or support the development of the Territory. We have no current intention to begin such development within the Territory.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information about the beneficial ownership of our common stock at November 14, 2014, as adjusted to reflect the sale of the shares of common stock in this offering, for:

- each selling stockholder or group of selling stockholders;
- each person known to us to be the beneficial owner of more than 5% of our common stock;
- each named executive officer;
- each of our directors; and
- all of our executive officers and directors as a group.

Unless otherwise noted below, the address for each beneficial owner listed on the table is 3535 Harbor Blvd., Costa Mesa, California 92626. We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. We have based our calculation of the percentage of beneficial ownership on 36,948,887 shares of our common stock outstanding as of November 14, 2014.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or restricted stock units held by that person that are currently exercisable or exercisable within 60 days of November 14, 2014. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner	Shares Beneficially Owned Prior to this Offering		Number of Shares Being Offered	Shares Beneficially Owned After this Offering Assuming No Exercise of the Underwriters' Option		Number of Additional Shares Offered if Underwriter's Option is Exercised in Full	Shares Beneficially Owned After this Offering Assuming Full Exercise of the Underwriters' Option	
	Number	Percentage of Class		Number	Percentage of Class		Number	Percentage of Class
Named Executive Officers and Directors:								
Stephen J. Sather	1,488,632	3.9%	170,059	1,318,573	3.4%	85,029	1,233,544	3.2%
Laurance Roberts	110,794	*	15,000	95,794	*	7,500	88,294	*
Kay Bogeajis	110,794	*	29,545	81,249	*	14,773	66,476	*
Michael G. Maselli	—	—	—	—	—	—	—	—
Dean C. Kehler	—	—	—	—	—	—	—	—
Wesley W. Barton	—	—	—	—	—	—	—	—
John M. Roth	—	—	—	—	—	—	—	—
Douglas K. Ammerman	88,815	*	10,820	77,995	*	5,411	72,584	*
Samuel N. Borgese	48,171	*	6,756	41,415	*	3,378	38,037	*
All directors and executive officers as a group (10 persons)	2,240,605	5.7%	277,140	1,963,465	5.0%	138,571	1,824,894	4.7%
5% Stockholders:								
Trimaran Pollo Partners, L.L.C.	28,557,989	77.3%	5,672,264	22,885,725	61.9%	736,681	22,149,044	59.9%
Investment funds affiliated with Trimaran Capital Partners ⁽¹⁾	16,480,516	44.6%	3,273,404	13,207,112	35.7%	425,131	12,781,981	34.6%
Investment funds affiliated with Freeman Spogli & Co. ⁽²⁾	9,437,683	25.5%	1,874,538	7,563,145	20.5%	243,454	7,319,691	19.8%
Other Selling Stockholders:								
Edward Valle ⁽³⁾	393,399	1.1%	44,960	348,439	*	22,480	325,959	*
Marc Hardison ⁽⁴⁾	67,806	*	11,196	56,610	*	5,598	51,012	*
Gus Siade ⁽⁵⁾	43,107	*	9,113	33,994	*	4,556	29,438	*
All Other Selling Stockholders ⁽⁶⁾	194,063	*	30,287	163,776	*	14,594	149,182	*

* Less than one percent.

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- (1) Trimaran Capital, L.L.C., owns 43,642.39 (1.30%) membership units of LLC, Trimaran Fund II, L.L.C., owns 675,922.05 (20.16%) membership units of LLC, Trimaran Parallel Fund II, L.P., owns 284,581.94 (8.49%) membership units of LLC, CIBC Employee Private Equity Fund (Trimaran) Partners owns 440,126.52 (13.13%) membership units of LLC and CIBC Capital Corporation owns 480,164.44 (14.32%) membership units of LLC. Trimaran Investments II, L.L.C., has sole power to vote and dispose of the shares held by the foregoing entities. Dean C. Kehler is a managing member of Trimaran Investments II, L.L.C., and as such may be deemed to have voting and dispositive power over the shares of common stock held by LLC. Dean C. Kehler disclaims beneficial ownership of these shares. The address of Trimaran Investments II, L.L.C., is c/o Trimaran Capital Partners, 1325 Avenue of the Americas, 25th Floor, New York, NY 10019.
- (2) FS Equity Partners V, L.P., owns 1,087,495.62 (32.43%) membership units of LLC and FS Affiliates V, L.P., owns 14,546.96 (0.43%) membership units of LLC. FS Capital Partners V, LLC, as the general partner of FS Equity Partners V, L.P., and FS Affiliates V, L.P., has the sole power to vote and dispose of the shares held by the foregoing entities. Messrs. Bradford M. Freeman, Todd W. Halloran, Jon D. Ralph, John M. Roth, J. Frederick Simmons, Ronald P. Spogli and William M. Wardlaw are managing members of FS Capital Partners V, LLC, and Messrs. Freeman, Halloran, Ralph, Roth, Simmons, Spogli and Wardlaw are the members of Freeman Spogli & Co., and as such may be deemed to be the beneficial owners of the shares held by the foregoing entities. Messrs. Freeman, Halloran, Ralph, Roth, Simmons, Spogli and Wardlaw each disclaims beneficial ownership in the shares except to the extent of his pecuniary interest in them. The address of FS Capital Partners V, LLC, is FS Capital Partners V, LLC, c/o Freeman Spogli & Co., 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, CA 90025.
- (3) Includes 393,399 shares of common stock that can be acquired upon the exercise of outstanding options, which are currently exercisable or will become exercisable within 60 days of November 14, 2014. In connection with this offering, Mr. Valle will be exercising options to purchase shares, of which he will sell 44,960 shares (or 67,440 shares if the underwriters exercise their option to purchase additional shares in full).
- (4) Includes 64,595 shares of common stock that can be acquired upon the exercise of outstanding options, which are currently exercisable or will become exercisable within 60 days of November 14, 2014. In connection with this offering, Mr. Hardison will be exercising options to purchase shares, of which he will sell 11,196 shares (or 16,794 shares if the underwriters exercise their option to purchase additional shares in full).
- (5) Includes 43,107 shares of common stock that can be acquired upon the exercise of outstanding options, which are currently exercisable or will become exercisable within 60 days of November 14, 2014. In connection with this offering, Mr. Siade will be exercising options to purchase shares, of which he will sell 9,113 shares (or 13,669 shares if the underwriters exercise their option to purchase additional shares in full).
- (6) Includes an aggregate of 186,698 shares of common stock that can be acquired by the selling stockholders upon the exercise of outstanding options, which are currently exercisable or will become exercisable within 60 days of November 14, 2014, and that are held by 7 current employees and 1 former employees who in the aggregate beneficially own less than 1% of our outstanding common stock immediately prior to the offering. In connection with the offering, the selling stockholders will be exercising options to purchase shares, of which they will sell an aggregate of 29,843 shares (or 44,215 shares if the underwriters exercise their option to purchase additional shares in full).

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the rights and preferences of our capital stock and preferred stock, related provisions of our certificate of incorporation and bylaws, and certain applicable provisions of Delaware law. While we believe that the following description covers the material terms of our capital stock, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire prospectus, our certificate of incorporation and bylaws and the other documents we refer to for a more complete understanding of our capital stock. Exhibits of our certificate of incorporation and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. See “Where You Can Find More Information.”

General

Our authorized capital stock consists of 200,000,000 shares of common stock, par value \$0.01 per share; and 100,000,000 shares of preferred stock, par value \$0.01 per share. There are presently 36,948,887 shares of common stock outstanding, and no shares of outstanding preferred stock.

Common Stock

Under our certificate of incorporation, each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in all assets remaining after payment of liabilities and any amounts due to the holders of preferred stock. Holders of our common stock are no preemptive, conversion or subscription rights. No redemption or sinking fund provisions apply to our common stock. Holders of our common stock do not have the right of cumulative voting in elections of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of the directors standing for election, and the holders of the remaining shares are not able to elect any directors.

Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of our common stock are entitled to receive ratably such dividends as may be declared from time to time by our board of directors out of legally available funds. For additional information, see “Dividend Policy.”

Preferred Stock

Our certificate of incorporation authorizes our board of directors, without stockholder approval, to issue up to 100,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon each such series of preferred stock, including voting rights, dividend rights, conversion rights, terms of redemption, liquidation preference, sinking fund terms, subscription rights and the number of shares constituting any series or the designation of a series.

Our board of directors is able to issue, without stockholder approval, preferred stock with voting and conversion rights that could adversely affect the voting power of the holders of common stock and reduce the likelihood that such holders will receive dividend payments or payments upon liquidation. Such issuance could have the effect of decreasing the market price of the common stock. No shares of preferred stock are outstanding, and we currently have no plans to issue any shares of preferred stock.

Anti-Takeover Provisions of Delaware Law and Certain Charter and Bylaw Provisions

The following is a summary of certain provisions of the Delaware General Corporation Law (the “DGCL”), and our certificate of incorporation and bylaws that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Classified Board of Directors

Our certificate of incorporation provides for our board of directors to be divided into three classes of directors, as nearly equal in number as possible, serving staggered terms. Approximately one-third of our board of directors is to be elected each year. Under Section 141 of the DGCL, unless the certificate of incorporation provides otherwise, directors

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serving on a classified board can only be removed for cause. Our certificate of incorporation provides that our directors may only be removed for cause, by a majority of the voting power of the outstanding voting stock voting as a single class to remove the director at an annual or special meeting. However, if LLC beneficially owns more than 40% of our common stock, our directors may be removed with or without cause, by a majority of the voting power of the outstanding stock voting as a single class. The provision for our classified board of directors may be amended, altered or repealed only upon the affirmative vote of the holders of a majority of our outstanding voting stock.

Number of Directors; Vacancies

Our certificate of incorporation provides that the number of directors on our board is to be fixed exclusively pursuant to resolution adopted by our board of directors. The exact number of members on our board of directors is to be determined from time to time by resolution of a majority of our full board of directors. Presently, the size of our board of directors is fixed at seven directors.

Pursuant to our certificate of incorporation, each director is to serve until his or her successor is duly elected and qualified, unless he or she resigns, dies, becomes disqualified or is removed. Our certificate of incorporation further provides that, generally, vacancies or newly created directorships in our board may only be filled by a resolution approved by a majority of our board of directors and any director so chosen will hold office until the next election of the class for which such director was chosen.

Stockholder Meetings

Our certificate of incorporation and bylaws will prohibit our stockholders from calling special meetings once LLC ceases to beneficially own more than 40% of our common stock, in which event, special meetings of stockholders will be able to be called only by (i) the Chairman of our board of directors or (ii) our Secretary at the written request of a majority of the number of directors that we would have were there no vacancies on our board of directors.

Action by Stockholders Without a Meeting

The DGCL permits stockholder action by written consent unless otherwise provided by a corporation's certificate of incorporation. Our certificate of incorporation prohibits stockholder action by written consent, when LLC ceases to beneficially own more than 40% of our common stock.

No Cumulative Voting

The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our certificate of incorporation does not provide for cumulative voting in the election of directors.

Stockholder Proposals and Nominations

Our bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders or to nominate candidates for election as directors at an annual meeting of stockholders must provide timely notice of such proposed business in writing. To be timely, a stockholder's notice generally must be delivered to or mailed and received at our principal executive office not less than 90 days or more than 120 days prior to the first anniversary of the preceding year's annual meeting.

Our bylaws also provide certain requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders. A stockholder's notice must set forth, among other things, as to each business matter or nomination the stockholder proposes to bring before the meeting:

- the name and address of the stockholder and the beneficial owner, if any, on whose behalf the proposal or nomination is made;
- the class and number of shares that are owned of record and beneficially by the stockholder proposing the business or nominating the nominee;

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- a representation that the stockholder giving the notice is a holder of record of shares of our voting stock entitled to vote at such annual meeting and intends to appear in person or by proxy at the annual meeting to propose the business or nominate the person or persons specified in the notice, as applicable; and
- whether such stockholder or beneficial owner intends to deliver a proxy statement and forms of proxy to holders of at least the percentage of shares of our voting stock required to approve such proposal or nominate such nominee or nominees.

If the stockholder is nominating a candidate for director, the stockholder's notice must also include the name, age, business address, residence address and occupation of the nominee proposed by the stockholder and the signed consent of the nominee to serve as a director on our board of directors if so elected. The candidate may also be required to present certain information and make certain representations and agreements at our request.

In addition, a stockholder must also comply with all applicable requirements of the Exchange Act and the rules and regulations under the Exchange Act with respect to matters relating to nomination of candidates for directors.

Supermajority provisions

The DGCL generally provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless the corporation's certificate of incorporation or bylaws require a greater percentage. Our amended and restated certificate of incorporation and bylaws require that the affirmative votes of holders of at least 75% of the total votes eligible to be cast in the election of directors are required to amend, alter, change or repeal specified provisions of our amended and restated certificate of incorporation on and after the date LLC ceases to beneficially own at least 40% of the total votes eligible to be cast in the election of directors, including:

- classified board (the election and term of our directors);
- the provisions regarding director liability;
- the provisions regarding director and officer indemnification;
- the provisions regarding competition and corporate opportunities;
- the provisions regarding entering into business combinations with interested stockholders;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- filling vacancies on our board;
- the advance notice requirements for stockholder proposals and director nominations; and
- the amendment provision requiring that the above provisions be amended only with a 75% supermajority vote.

This requirement of a supermajority vote to approve amendments to our amended and restated certificate of incorporation and bylaws could enable a minority of our stockholders to exercise veto power over any such amendments.

Delaware Anti-Takeover Statute

Section 203 of the DGCL, subject to certain exceptions, prohibits a publicly-held Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that such person or entity became an interested stockholder, unless:

- prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

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- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding specified shares; or
- at or subsequent to such date of the transaction that resulted in a person or entity becoming an interested stockholder, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines an “interested stockholder” as any person that is:

- owner of 15% or more of the outstanding voting stock of the corporation;
- an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the relevant date; or
- an affiliate or associate of the above.

A Delaware corporation may “opt out” of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting stock. We have opted out of these provisions. However, our certificate of incorporation provides that in the event that LLC ceases to beneficially own more than 15% of our common stock, we will automatically become subject to Section 203 of the DGCL.

Limitations on Liability and Indemnification of Directors and Officers

Section 145 of the DGCL provides that a Delaware corporation may indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was an officer, director, employee or agent of such corporation, or is or was serving at the request of such person as an officer, director, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation’s best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal.

A Delaware corporation may indemnify any persons who are, or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys’ fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation’s best interests except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses that such officer or director has actually and reasonably incurred. Our certificate of incorporation provides for the indemnification of our directors and officers to the fullest extent permitted under the DGCL.

Expenses incurred by any officer or director in defending any such action, suit or proceeding in advance of its final disposition shall be paid by us upon delivery to us of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified by us.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability for any:

- transaction from which the director derives an improper personal benefit;
- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

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- unlawful payment of dividends or redemption of shares; or
- breach of a director's duty of loyalty to the corporation or its stockholders.

Our certificate of incorporation includes such a provision.

Section 174 of the DGCL provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

Indemnification Agreements

We have entered into indemnification agreements with each of our current directors and executive officers. These agreements require us to indemnify these individuals 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 as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

Transfer Agent

The registrar and transfer agent for our common stock is American Stock Transfer & Trust Company, LLC. Its address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

Listing

Our common stock trades on the NASDAQ under the symbol "LOCO."

SHARES ELIGIBLE FOR FUTURE SALE

We cannot predict the effect, if any, that sales of shares or availability of any shares for sale will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of common stock (including shares issued on the exercise of options, warrants or convertible securities, if any) or the perception that such sales could occur, could adversely affect the market price of our common stock and our ability to raise additional capital through future sales of securities.

We have 36,948,887 shares of common stock issued and outstanding. All of the shares of our common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless such shares are purchased by “affiliates” as that term is defined in Rule 144 under the Securities Act. Upon completion of this offering, approximately 35.7% and 20.5% of our outstanding common stock will be beneficially owned by Trimaran and Freeman Spogli, respectively (or 34.6% and 19.8% if the underwriters exercise their option to purchase additional shares in full). These shares will be “restricted securities” as that phrase is defined in Rule 144. Subject to certain contractual restrictions, including the lock-up agreements described below, holders of restricted shares will be entitled to sell those shares in the public market if they qualify for an exemption from registration under Rule 144 or any other applicable exemption under the Securities Act. Subject to the lock-up agreements described below and the provisions of Rules 144 and 701, additional shares will be available for sale as set forth below.

Lock-Up Agreements

In connection with this offering, we, the selling stockholders, and our executive officers and directors have agreed not to sell, dispose of, or hedge any shares of our common stock, or any securities convertible thereto, directly or indirectly, for a period of 90 days from the date of this prospectus, subject to certain exceptions. Jefferies LLC and Morgan Stanley & Co. LLC may, by prior written consent, based on their sole discretion release some or all of the securities so subject at any time and from time to time. See “Underwriting—No Sales of Similar Securities.”

Jefferies LLC and Morgan Stanley & Co. LLC have no present intent or arrangement to release any of the securities subject to these lock-up agreements. The release of any lock-up is considered on a case by case basis. Factors in deciding whether to release shares may include the length of time before the lock-up expires, the number of shares involved, the reason for the requested release, market conditions, the trading price of our common stock, historical trading volumes of our common stock and whether the person seeking the release is our officer, director or affiliate.

In connection with this offering, the representatives of the underwriters for our IPO have agreed to waive the lock-up restrictions entered into in contemplation of our IPO and applicable to us and the selling stockholders in order to permit the filing of the registration statement of which this prospectus forms a part and the registration of our common stock thereby.

Rule 144

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our common stock or the average weekly trading volume of our common stock reported through the NASDAQ during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

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Rule 701

In general, under Rule 701 of the Securities Act, most of our employees, consultants or advisors who purchased shares from us in connection with a qualified compensatory stock plan or other written agreement are eligible to resell those shares 90 days after the date of this prospectus in reliance on Rule 144 but without compliance with the holding period or certain other restrictions contained in Rule 144.

Stock Options

We have filed an effective registration statement under the Securities Act covering up to 1,573,601 shares of our common stock reserved for issuance under our equity incentive plan. Accordingly, shares registered under that registration statement are available for sale in the open market, unless such shares are subject to vesting restrictions with us or are otherwise subject to the lock-up agreements described above.

Registration Rights

Immediately following this offering, Trimaran and Freeman Spogli indirectly beneficially own 13,207,112 shares and 7,563,145 shares, respectively, of our common stock (or 12,781,981 shares and 7,319,691 shares, respectively, if the underwriters exercise their option to purchase additional shares in full). Pursuant to the stockholders agreement among us, LLC, and certain members of our management, these stockholders and certain of their respective affiliates and permitted transferees possess “demand” and “piggyback” rights to register their shares for resale, as further described in “Certain Relationships and Related Transactions—Stockholders Agreement.”

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of certain United States federal income tax consequences generally applicable to the ownership and disposition of our common stock by a non-U.S. holder (as defined below) that purchases our common stock pursuant to this offering and holds such common stock as a “capital asset” within the meaning of the Code. This discussion is based on currently existing provisions of the Code, applicable United States Treasury regulations promulgated thereunder, judicial decisions, and rulings and pronouncements of the United States Internal Revenue Service (the “IRS”) all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or subject to different interpretation. This discussion does not address all the tax consequences that may be relevant to specific holders in light of their particular circumstances or to holders subject to special treatment under United States federal income tax laws (such as financial institutions, insurance companies, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, retirement plans, partnerships and their partners, dealers in securities, brokers, United States expatriates, persons who have acquired our common stock as compensation or otherwise in connection with the performance of services, or persons who have acquired our common stock as part of a straddle, hedge, conversion transaction or other integrated investment). This discussion does not address the state, local, or foreign tax or United States federal estate or alternative minimum tax consequences relating to the ownership and disposition of our common stock. Prospective investors should consult their tax advisors regarding the United States federal tax consequences of owning and disposing of our common stock, as well as the applicability and effect of any state, local or foreign tax laws.

As used in this discussion, the term “non-U.S. holder” refers to a beneficial owner of our common stock that is not, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity or arrangement taxable as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;
- any entity or arrangement treated as a partnership for United States federal income tax purposes;
- an estate the income of which is subject to United States federal income tax regardless of its source; or
- a trust (i) if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (ii) that has in effect a valid election under applicable Treasury regulations to be treated as a United States person.

If a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partnership that holds our common stock and any partner who owns an interest in such a partnership should consult their tax advisors regarding the United States federal income tax consequences of an investment in our common stock.

You should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership, and disposition of our common stock as well as the consequences to you arising under the laws of any other applicable taxing jurisdiction in light of your particular circumstances.

Distributions on Common Stock

As discussed under “Dividend Policy” above, we do not currently expect to make distributions on our stock. If we do make a distribution of cash or other property (other than certain distributions of our stock or rights to acquire our stock) in respect of our common stock, the distribution generally will be treated as a dividend to the extent of our current or accumulated earnings and profits as determined under United States federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits will generally be treated first as a tax-free return of capital, on a share-by-share basis, to the extent of the non-U.S. holder’s tax basis in our common

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stock, and, to the extent such portion exceeds the non-U.S. holder's tax basis in our common stock, the excess will be treated as gain from the disposition of the common stock, the tax treatment of which is discussed below under "—Sale, Exchange or Other Taxable Disposition."

The gross amount of dividends paid to a non-U.S. holder with respect to our common stock generally will be subject to United States federal withholding tax at a rate of 30%, unless (i) an applicable income tax treaty reduces or eliminates such tax, and the non-U.S. holder certifies that it is eligible for the benefits of such treaty in the manner described below, or (ii) the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States) and the non-U.S. holder satisfies certain certification and disclosure requirements. In the latter case, generally, a non-U.S. holder will be subject to United States federal income tax with respect to such dividends on a net income basis at regular graduated United States federal income tax rates in the same manner as a United States person (as defined under the Code). Additionally, a non-U.S. holder that is a corporation may be subject to a branch profits tax equal to 30% (or such lower rate as may be specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A non-U.S. holder that wishes to claim the benefit of an applicable income tax treaty with respect to dividends on our common stock will be required to provide the applicable withholding agent with a valid IRS Form W-8BEN or W-8BEN-E (or other applicable form) and certify under penalties of perjury that such holder (i) is not a United States person (as defined under the Code) and (ii) is eligible for the benefits of such treaty, and the withholding agent must not have actual knowledge or reason to know that the certification is incorrect. This certification must be provided to the applicable withholding agent prior to the payment of dividends and may be required to be updated periodically. If our common stock is held through a non-United States partnership or non-United States intermediary, such partnership or intermediary will also be required to comply with additional certification requirements under applicable Treasury regulations. A non-U.S. holder eligible for a reduced rate of United States federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Prospective investors, and in particular prospective investors engaged in a United States trade or business, are urged to consult their tax advisors regarding the United States federal income tax consequences of owning our common stock.

Sale, Exchange, or Other Taxable Disposition

Generally, a non-U.S. holder will not be subject to United States federal income tax on gain realized upon the sale, exchange, or other taxable disposition of our common stock unless (i) the gain is effectively connected with such non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States), (ii) such non-U.S. holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange, or other taxable disposition and certain other conditions are satisfied, or (iii) we are or become a "United States real property holding corporation" (as defined in Section 897(c) of the Code) at any time during the shorter of the five-year period ending on the date of disposition or the non-U.S. holder's holding period for our common stock and either (a) our common stock has ceased to be traded on an established securities market prior to the beginning of the calendar year in which the sale, exchange or other taxable disposition occurs, or (b) the non-U.S. holder owns (actually or constructively) more than five percent of our common stock at some time during the shorter of the five-year period ending on the date of disposition or such holder's holding period for our common stock. Although there can be no assurances in this regard, we believe that we are not a United States real property holding corporation, and we do not expect to become a United States real property holding corporation.

Generally, gain described in clause (i) of the immediately preceding paragraph will be subject to tax on a net income basis at regular graduated United States federal income tax rates in the same manner as if the non-U.S. holder were a United States person (as defined under the Code). A non-U.S. holder that is a corporation may also be subject to a branch profits tax equal to 30% (or such lower rate as may be specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. An individual non-U.S. holder described in clause (ii) of the immediately preceding paragraph will be required to pay (subject to applicable income tax treaties) a

flat 30% tax on the gain derived from the sale, exchange, or other taxable disposition, which may be offset by certain United States source capital losses, even though the individual is not considered a resident of the United States.

Foreign Account Tax Compliance Act

Withholding at a rate of 30% is required on dividends in respect of our common stock, and, after December 31, 2016 will be required on gross proceeds from the sale or other disposition of our common stock, in each case, held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the United States Treasury Department to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain United States persons and by certain non-United States entities that are wholly or partially owned by United States persons and to withhold on certain payments. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury regulations, may modify these requirements. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale or other disposition of, our common stock held by an investor that is a non-financial non-United States entity that does not qualify under certain exemptions will be subject to withholding at a rate of 30%, unless such entity either (i) certifies that such entity does not have any substantial United States owners or (ii) provides certain information regarding the entity's substantial United States owners. Prospective investors should consult their tax advisors regarding the possible implications of these rules on their investment in our common stock.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated _____, among us, the selling stockholders and Jefferies LLC and Morgan Stanley & Co. LLC, as the representatives of the underwriters named below, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from the selling stockholders, the respective number of shares of common stock shown opposite its name below:

Underwriter	Number of Shares
Jefferies LLC	
Morgan Stanley & Co. LLC	
Robert W. Baird & Co. Incorporated	
William Blair & Company, L.L.C.	
Stifel, Nicolaus & Company, Incorporated	
Total	<u>6,000,000</u>

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers' certificates and legal opinions and approval of certain legal matters by their counsel. The underwriting agreement provides that the underwriters will purchase all of the shares of common stock if any of them are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated. We and the selling stockholders have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

The underwriters have advised us that, following the completion of this offering, they currently intend to make a market in the common stock as permitted by applicable laws and regulations. However, the underwriters are not obligated to do so, and the underwriters may discontinue any market-making activities at any time without notice in their sole discretion. Accordingly, no assurance can be given as to the liquidity of the trading market for the common stock, that you will be able to sell any of the common stock held by you at a particular time or that the prices that you receive when you sell will be favorable.

The underwriters are offering the shares of common stock subject to their acceptance of the shares of common stock from the selling stockholders and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. In addition, the underwriters have advised us that they do not intend to confirm sales to any account over which they exercise discretionary authority.

In connection with this offering and depending on the applicable facts and circumstances, a selling stockholder may be deemed to be an "underwriter" within the meaning of such term under the Securities Act. Based upon such facts and circumstances, including when and how shares of the Company's common stock were acquired, none of the selling stockholders believes that it should be considered an "underwriter" within the meaning of such term under the Securities Act.

Commission and Expenses

The underwriters have advised us that they propose to offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers, which may include the underwriters, at that price less a concession not in excess of \$ _____ per share of common stock. After the offering, the public offering price, concession and reallowance to dealers may be reduced by the representatives. No such reduction will change the amount of proceeds to be received by us as set forth on the cover page of this prospectus.

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The following table shows the public offering price, the underwriting discounts and commissions that the selling stockholders are to pay the underwriters and the proceeds, before expenses, to the selling stockholders in connection with this offering. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Per Share		Total	
	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares
Public offering price	\$	\$	\$	\$
Underwriting discounts and commissions paid by the selling stockholders	\$	\$	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$	\$	\$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions payable by the selling stockholders referred to above, will be approximately \$. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to \$.

Listing

Our common stock is listed on the NASDAQ under the trading symbol "LOCO."

Stamp Taxes

If you purchase shares of common stock offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

Option to Purchase Additional Shares

The selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of 900,000 shares from the selling stockholders at the public offering price set forth on the cover page of this prospectus, less underwriting discounts and commissions. If the underwriters exercise this option, each underwriter will be obligated, subject to specified conditions, to purchase a number of additional shares proportionate to that underwriter's initial purchase commitment as indicated in the table above. This option may be exercised only if the underwriters sell more shares than the total number set forth on the cover page of this prospectus.

No Sales of Similar Securities

We, our officers, directors, the selling stockholders and certain other stockholders have agreed, subject to specified exceptions, not to directly or indirectly:

- sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended, or
- otherwise dispose of any shares of common stock, options or warrants to acquire shares of common stock, or securities exchangeable or exercisable for or convertible into shares of common stock currently or hereafter owned either of record or beneficially, or
- publicly announce an intention to do any of the foregoing for a period of 90 days after the date of this prospectus without the prior written consent of Jefferies LLC and Morgan Stanley & Co. LLC.

This restriction terminates after the close of trading of the common stock on and including the 90th day after the date of this prospectus.

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Jefferies LLC and Morgan Stanley & Co. LLC may, in their sole discretion and at any time or from time to time before the termination of the 90-day period release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our stockholders who will execute a lock-up agreement in connection with this offering, providing consent to the sale of shares prior to the expiration of the 90-day lock-up period.

Stabilization

The underwriters have advised us that, pursuant to Regulation M under the Exchange Act, certain persons participating in the offering may engage in short sale transactions, stabilizing transactions, syndicate covering transactions or the imposition of penalty bids in connection with this offering. These activities may have the effect of stabilizing or maintaining the market price of the common stock at a level above that which might otherwise prevail in the open market. Establishing short sales positions may involve either “covered” short sales or “naked” short sales.

“Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares of our common stock in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares of our common stock or purchasing shares of our common stock in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares.

“Naked” short sales are sales in excess of the option to purchase additional shares of our common stock. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering.

A stabilizing bid is a bid for the purchase of shares of common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A syndicate covering transaction is the bid for or the purchase of shares of common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. Similar to other purchase transactions, the underwriter’s purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if shares of our common stock originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member.

None of us, the selling stockholders or any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. The underwriters are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

The underwriters may also engage in passive market making transactions in our common stock on The NASDAQ Global Select Market in accordance with Rule 103 of Regulation M during a period before the commencement of offers or sales of shares of our common stock in this offering and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker’s bid, that bid must then be lowered when specified purchase limits are exceeded.

Electronic Distribution

A prospectus in electronic format may be made available by e-mail or on the websites of or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares of common stock for sale to online brokerage account holders. Any such allocation for online

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distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained in any other website maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Other Activities and Relationships

The underwriters and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their respective affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or will receive customary fees and expenses. In particular, an affiliate of Jefferies LLC is a lender under our First Lien Credit Agreement and an affiliate of Jefferies LLC acts as administrative agent and collateral agent under our First Lien Credit Agreement.

In the ordinary course of their various business activities, the underwriters and certain of their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments issued by us and our affiliates. If the underwriters or their respective affiliates have lending relationships with us, they routinely hedge their credit exposures to us consistent with their customary risk management policies. The underwriters and their respective affiliates may hedge such exposures by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the common stock offered hereby. Any such short positions could adversely affect future trading prices of the common stock offered hereby. The underwriters and certain of their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Disclaimers About Non-U.S. Jurisdictions

Australia

This prospectus is not a disclosure document for the purposes of Australia's Corporations Act 2001 (Cth) of Australia (the "Corporations Act"), has not been lodged with the Australian Securities & Investments Commission and is only directed to the categories of exempt persons set out below. Accordingly, if you receive this prospectus in Australia:

(a) You confirm and warrant that you are either:

- a "sophisticated investor" under Section 708(8)(a) or (b) of the Corporations Act;
- a "sophisticated investor" under Section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of Section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
- a person associated with us under Section 708(12) of the Corporations Act; or
- a "professional investor" within the meaning of Section 708(11)(a) or (b) of the Corporations Act.

To the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this prospectus is void and incapable of acceptance.

(b) You warrant and agree that you will not offer any of the securities issued to you pursuant to this prospectus for resale in Australia within 12 months of those securities being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under Section 708 of the Corporations Act.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer to the public of any common shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any common shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriters or the underwriters nominated by us for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of common shares shall require us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of common shares to the public” in relation to the common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common shares to be offered so as to enable an investor to decide to purchase or subscribe to the common shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Hong Kong

No securities have been offered or sold, and no securities may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under that Ordinance; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong (“CO”) or which do not constitute an offer or invitation to the public for the purpose of the CO or the SFO. No document, invitation or advertisement relating to the securities has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case, whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to securities which are or, are intended to be, disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

This prospectus has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this prospectus may not be issued, circulated or distributed in Hong Kong, and the securities may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the securities will be required, and is deemed by the acquisition of the securities, to confirm that he is aware of the restriction on offers of the securities described in this prospectus and the relevant offering documents and that he is not acquiring, and has not been offered any securities in circumstances that contravene any such restrictions.

Japan

The offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan, Law No. 25 of 1948 of Japan, as amended (the “FIEL”), and the underwriters will not offer or sell any securities, directly or indirectly, in Japan, or to, or for the benefit of, any resident of Japan (which term as used herein means any

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person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the securities or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, us or the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of securities.

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United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order and other persons to whom it may lawfully be communicated (each such person, a “relevant person”).

This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. Latham & Watkins LLP, New York, New York will act as counsel to the underwriters.

EXPERTS

The financial statements and schedule as of December 25, 2013 and December 26, 2012 and for each of the two years in the period ended December 25, 2013 included in this registration statement have been so included in reliance on the reports of BDO USA, LLP, an independent registered public accounting firm, appearing elsewhere herein, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement, of which this prospectus is a part, on Form S-1 with the SEC relating to this offering. This prospectus does not contain all of the information in the registration statement and the exhibits included with the registration statement. References in this prospectus to any of our contracts, agreements or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contracts, agreements or documents. You may read and copy the registration statement, the related exhibits and other material we file with the SEC at the SEC's public reference room in Washington, D.C. at 100 F Street N.E., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The website address is <http://www.sec.gov/edgar.shtml>.

We are subject to the informational requirements of the Exchange Act, and, in accordance with the Exchange Act, we file reports, proxy and information statements and other information with the SEC. Such annual, quarterly, and special reports, proxy and information statements, and other information can be inspected and copied at the locations set forth above. It is also available the investor relations section of our website, www.elpolloloco.com. Information on, or accessible through, our website is not part of this prospectus.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
El Pollo Loco Holdings, Inc.
Costa Mesa, California

We have audited the accompanying consolidated balance sheets of El Pollo Loco Holdings, Inc. (the "Company") as of December 25, 2013 and December 26, 2012 and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of El Pollo Loco Holdings, Inc. as of December 25, 2013 and December 26, 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP
Costa Mesa, California

April 25, 2014, except for Note 16 which is as of July 14, 2014

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

	December 25, 2013	December 26, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,015	\$ 21,487
Restricted cash	131	131
Accounts and other receivables, net	5,906	3,539
Inventories	1,655	1,688
Prepaid expenses and other current assets	2,123	2,009
Total current assets	26,830	28,854
Property and equipment owned, net	68,641	64,808
Property held under capital lease, net	180	244
Goodwill	249,324	249,924
Domestic trademarks	61,888	61,888
Other intangible assets, net	934	1,106
Other assets	8,703	11,074
Total assets	\$ 416,500	\$ 417,898

See notes to consolidated financial statements.

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

	December 25, 2013	December 26, 2012
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of first lien term loan	\$ 1,900	\$ 1,700
Current portion of obligations under capital leases	267	229
Accounts payable	12,316	9,883
Accrued salaries and vacation	8,594	8,000
Accrued insurance	3,597	3,153
Accrued income taxes payable	27	22
Accrued interest	4,182	8,041
Accrued advertising	265	257
Deferred taxes	322	334
Other accrued expenses and current liabilities	7,825	7,240
Total current liabilities	39,295	38,859
Senior secured term loan, net of current portion	—	161,885
Second priority senior secured notes (2018 Notes)	—	109,693
First lien term loan, net of current portion	187,190	—
Second lien term loan	99,038	—
Obligations under capital leases, net of current portion	847	1,114
Deferred taxes, net of current portion	31,623	30,240
Other intangible liabilities, net	1,927	2,312
Other noncurrent liabilities	8,044	9,208
Total liabilities	367,964	353,311
Commitments and contingencies		
Stockholders' Equity		
Common stock, \$0.01 par value—200,000,000 shares authorized; 28,712,622 shares issued and outstanding	287	287
Additional paid-in capital	240,151	239,329
Accumulated deficit	(191,902)	(175,029)
Total stockholders' equity	48,536	64,587
Total liabilities and stockholders' equity	\$ 416,500	\$ 417,898

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share data)

For the Years Ended	December 25, 2013	December 26, 2012
Revenue		
Company-operated restaurant revenue	\$ 294,327	\$ 274,928
Franchise revenue	20,400	18,682
Total revenue	314,727	293,610
Cost of operations		
Food and paper costs	93,589	85,428
Labor and related expenses	75,669	73,406
Occupancy and other operating expenses	63,150	61,636
Company restaurant expenses	232,408	220,470
General and administrative expenses	25,506	24,451
Franchise expenses	3,841	3,647
Depreciation and amortization	10,213	9,530
Loss on disposal of assets	868	966
Asset impairment and close-store reserves	(101)	1,494
Total expenses	272,735	260,558
Gain on disposition of restaurant	400	—
Income from operations	42,392	33,052
Interest expense—net of interest income of \$94 and \$100 for the years ended December 25, 2013 and December 26, 2012, respectively	36,334	38,890
Loss on early extinguishment of debt	21,530	—
Loss before provision for income taxes	(15,472)	(5,838)
Provision for income taxes	(1,401)	(2,027)
Net loss	\$ (16,873)	\$ (7,865)
Net loss per share		
Basic and diluted	\$ (0.59)	\$ (0.27)
Weighted average shares used in computing net loss per share		
Basic and diluted	28,712,622	28,712,194

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance, December 28, 2011	28,710,070	\$ 287	\$ 238,473	\$ (167,164)	\$ 71,596
Stock based compensation	—	—	860	—	860
Cash used for net stock option exercises	2,552	—	(4)	—	(4)
Net loss	—	—	—	(7,865)	(7,865)
Balance, December 26, 2012	28,712,622	287	239,329	(175,029)	64,587
Stock based compensation	—	—	822	—	822
Net loss	—	—	—	(16,873)	(16,873)
Balance, December 25, 2013	28,712,622	\$ 287	\$ 240,151	\$ (191,902)	\$ 48,536

See notes to consolidated financial statements.

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

For the Years Ended	December 25, 2013	December 26, 2012
Cash flows from operating activities		
Net loss	\$ (16,873)	\$ (7,865)
Adjustments to reconcile changes in net loss to net cash provided by operating activities:		
Depreciation and amortization	10,213	9,530
Loss on early extinguishment of debt	21,530	—
Stock-based compensation expense	822	860
Interest accretion	3,753	6,264
Gain on disposition of restaurant	(400)	—
Loss on disposal of assets	868	966
Impairment of property and equipment	27	42
Close-store reserves	(128)	1,452
Amortization of deferred financing costs	2,007	2,118
Amortization of favorable and unfavorable leases, net	(213)	(275)
Deferred income taxes, net	1,371	1,999
Changes in operating assets and liabilities:		
Accounts and other receivables, net	(1,319)	1,032
Inventories	33	(185)
Prepaid expenses and other current assets	(123)	(856)
Income taxes payable	5	1
Other assets	95	473
Accounts payable	1,294	765
Accrued salaries and vacation	595	1,131
Accrued insurance	444	1,170
Other accrued expenses and liabilities	(4,301)	787
Net cash provided by operating activities	19,700	19,409
Cash flows from investing activities		
Proceeds from disposition of assets	35	—
Purchase of property and equipment	(13,822)	(14,993)
Net cash flows used in investing activities	(13,787)	(14,993)
Cash flows from financing activities		
Proceeds from borrowings on term loans	288,050	—
Cash used for net stock option exercises	—	(4)
Payment of call premium on notes	(7,913)	—
Payment of obligations under capital leases	(229)	(216)
Repayments on senior secured notes	(282,196)	(1,700)
Deferred financing costs	(8,097)	—
Net cash flows used in financing activities	(10,385)	(1,920)
(Decrease) increase in cash and cash equivalents	(4,472)	2,496
Cash and cash equivalents, beginning of year	21,487	18,991
Cash and cash equivalents, end of year	\$ 17,015	\$ 21,487
Supplemental cash flow information		
Cash paid during the year for interest	\$ 34,427	\$ 28,710
Cash paid during the year for income taxes, net	\$ 26	\$ 26
Unpaid purchase of property and equipment	\$ 1,139	\$ 326

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

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 the “Company.” The Company’s activities are conducted principally through its indirect 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. The restaurants, which are located principally in California but also in Arizona, Nevada, Texas, and Utah, specialize in flame-grilled chicken in a wide variety of contemporary Mexican-influenced entrees, including specialty chicken burritos, chicken quesadillas, chicken tortilla soup, Pollo Bowls and Pollo Salads. At December 25, 2013, the Company operated 168 (133 in the greater Los Angeles area) and franchised 233 (136 in the greater Los Angeles area) El Pollo Loco restaurants. In addition, the Company currently licenses two restaurants in the Philippines that are set to expire in 2016. The Company is a subsidiary of Trimaran Pollo Partners, LLC (the “LLC,” which is controlled by affiliates of Trimaran Capital, LLC). LLC acquired Chicken Acquisition Corp. (“CAC”), a predecessor of Holdings, on November 17, 2005 (the “Acquisition”) and has a 99.5% ownership interest. The LLC’s only material asset is its investment in Holdings.

On April 22, 2014, CAC, its wholly owned subsidiary, Chicken Subsidiary Corp (“CSC”) and CSC’s wholly owned subsidiary, the former El Pollo Loco Holdings, Inc. (“Old Holdings”) entered into the following reorganization transactions: (i) Old Holdings merged with and into CSC with CSC continuing as the surviving corporation; (ii) CSC merged with and into CAC with CAC continuing as the surviving corporation and (iii) CAC renamed itself El Pollo Loco Holdings, Inc.

Holdings has no material assets or operations. Holdings’ direct subsidiary, EPL Intermediate, Inc. (“Intermediate”) guarantees EPL’s credit agreements (see Note 6) on a full and unconditional basis and Intermediate has no subsidiaries other than EPL. EPL is a separate and distinct legal entity, has no obligation to make funds available to Intermediate, and currently has restrictions that limit distributions or dividends to be paid by EPL to Intermediate, which ultimately limit distributions or dividends to Holdings.

EPL may make distributions to Intermediate only under certain restricted circumstances, including, but not limited to, payments of: (i) franchise taxes or other costs of maintaining the corporate existence of Intermediate, (ii) accounting, legal, administrative and operating expenses of Intermediate, up to \$250,000 in any 12 month period, and (iii) EPL’s allocable portion of tax liabilities on consolidated tax returns with Intermediate, subject to certain overall amounts.

EPL is also restricted in its dividend payments to Intermediate. These restricted dividend payments include, but are not limited to: (i) dividends payable solely in EPL’s own common stock or other common equity interests, (ii) payments that permit Intermediate to repurchase or redeem qualified capital stock of Intermediate held by present or former officers, directors or employees, not to exceed \$1,000,000 in any fiscal year (with unused amounts carried over to the next fiscal year), and (iii) provided that no default or event of default under the credit facilities has occurred, is continuing, or would result therefrom, dividends limited to various absolute ceiling amounts, including an aggregate amount up to \$5,000,000 (shared with Intermediate) for dividends not including those paid pursuant to stock options and other benefit plans.

Likewise, Intermediate is restricted in its own dividend payments, with such restrictions including, but not limited to, dividends payable solely in Intermediate’s own common stock or other common equity interests. Intermediate may purchase, redeem or otherwise acquire equity interests issued by it with the proceeds received by it from the substantially concurrent issue of new shares of its common stock or other common equity interests.

The Company operates in only one segment. All significant revenues relate to retail sales of food and beverages to the general public through either company or franchised restaurants.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Liquidity

The Company's principal liquidity requirements are to service its debt and meet capital expenditure needs. At December 25, 2013, the Company's total debt (including capital lease liabilities) was \$289.2 million. The Company's ability to make payments on its indebtedness and to fund planned capital expenditures will depend on available cash and its 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 the Company's control. Based on current operations, the Company believes that its cash flows from operations, available cash of \$17.0 million at December 25, 2013 and available borrowings under the credit facility (which availability was \$7.7 million at December 25, 2013) will be adequate to meet the Company's liquidity needs for the next 12 months.

Basis of Presentation

The Company uses 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 and 2012, which were 52-week years, ended on December 25, 2013 and December 26, 2012, respectively.

Principles of Consolidation

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

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses during the period reported. Actual results could materially differ from those estimates. The Company's significant estimates include estimates for impairment of goodwill, intangible assets and plant and equipment, insurance reserves, lease termination liabilities, stock-based compensation, and income tax valuation allowances.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

Restricted Cash

The Company's restricted cash represents cash collateral to one commercial bank for Company credit cards.

Concentration of Risk

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances.

The Company had two suppliers for which amounts due at December 25, 2013 and December 26, 2012 totaled 45% and 51% and 11% and 13%, respectively, of the Company's accounts payable. Purchases from the same suppliers for the years ended December 25, 2013 and December 26, 2012 totaled 31% and 13% and 24% and 15%, respectively, of the Company's purchases. Company-operated and franchised restaurants in the greater Los Angeles area generated, in the aggregate, approximately 80% and 81% of revenue for the years ended December 25, 2013 and December 26, 2012, respectively.

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Accounts and Other Receivables, Net**

Accounts and other receivables consist primarily of royalties, advertising and sublease rent and related amounts receivable from franchisees which are due on a monthly basis that may differ from the Company's month-end dates as well as credit/debit card receivables. The need for an allowance for doubtful accounts is reviewed on a specific identification basis based upon past due balances and the financial strength of the obligor. Bad debt expense was immaterial for the years ended December 25, 2013 and December 26, 2012.

Inventories

Inventories consist principally of food, beverages and paper supplies and are valued at the lower of average cost or market.

Property and Equipment Owned, Net

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements and property held under capital leases are amortized over the shorter of their estimated useful lives or the remaining lease terms. For leases with renewal periods at the Company's option, the Company generally uses the original lease term, excluding the option periods, to determine estimated useful lives; if failure to exercise a renewal option imposes an economic penalty on the Company, such that management determines at the inception of the lease that renewal is reasonably assured, the Company may include the renewal option period in the determination of appropriate estimated useful lives.

The estimated useful service lives are as follows:

Buildings	20 years
Land improvements	3 – 30 years
Building improvements	3 – 10 years
Restaurant equipment	3 – 10 years
Other equipment	2 – 10 years
Leasehold improvements	Shorter of useful life or lease term

The Company capitalizes certain costs in conjunction with site selection that relate to specific sites for planned future restaurants. The Company also capitalizes certain costs, including interest, in conjunction with constructing new restaurants. These costs are included in property and amortized over the shorter of the life of the related buildings and leasehold improvements or the lease term. Costs related to abandoned sites and other site selection costs that cannot be identified with specific restaurants are charged to general and administrative expenses in the accompanying consolidated statements of operations. The Company did not capitalize any internal costs or interest costs related to site selection and construction activities during the years ended December 25, 2013 or December 26, 2012.

Goodwill and Indefinite Lived Intangible Assets

The Company's 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. Goodwill resulted from the Acquisition and from the acquisition of certain franchise locations.

Upon the sale of a restaurant, goodwill is decremented. The amount of goodwill written-off 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.

The Company does not amortize its goodwill and indefinite lived intangible assets. The Company performs its impairment test annually at its fiscal year end, or more frequently if impairment indicators arise. The Company reviews goodwill for impairment utilizing either a qualitative assessment or a two-step process. If the Company decides that it is appropriate to perform a qualitative assessment and concludes that the fair value of a reporting unit more likely than not exceeds its carrying value, no further evaluation is necessary. If the Company performs the two-step process, the

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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 of the goodwill impairment test is performed to measure the amount of impairment loss, if any.

The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

The assumptions used in the estimate of fair value are generally consistent with the past performance of the Company's reporting unit and are also consistent with the projections and assumptions that are used in current operating plans. These assumptions are subject to change as a result of changing economic and competitive conditions.

The impairment test for indefinite lived intangible assets consists of either a qualitative assessment or a comparison of the fair value of the intangible asset with its carrying amount. The excess of the carrying amount of the intangible asset over its fair value is its impairment loss.

No impairment was recorded during the years ended December 25, 2013 or December 26, 2012.

Other Intangibles, Net—definite lived

Definite lived intangible assets consist of the value allocated to the Company's favorable and unfavorable leasehold interests that resulted from the Acquisition.

Favorable leasehold interest represents the asset in excess of the approximate fair market value of the leases assumed as of November 17, 2005, the date of the Acquisition. The amount is being reduced over the approximate average life of the leases. This amount is shown as other intangible assets-net on the accompanying consolidated balance sheets.

Unfavorable leasehold interest liability represents the liability in excess of the approximate fair market value of the leases assumed as of November 17, 2005, the date of the Acquisition. The amount is being reduced over the approximate average life of the leases. This amount is shown as other intangible liabilities-net on the accompanying consolidated balance sheets.

Intangible assets and liabilities with a definite life are amortized using the straight-line method over their estimated useful lives as follows:

Favorable leasehold interests	1 to 18 years (remaining lease term)
Unfavorable leasehold interests	1 to 20 years (remaining lease term)

Deferred Financing Fees

Deferred financing fees are capitalized and amortized over the period of the loan on an effective interest rate basis, which approximates the effective interest method. Included in other assets are fees (net of accumulated amortization) of \$7.8 million and \$10.0 million as of December 25, 2013 and December 26, 2012, respectively. Amortization expense for deferred financing costs was \$2.0 million and \$2.1 million for the years ended December 25, 2013 and December 26, 2012, respectively, and is reflected as a component of interest expense in the accompanying consolidated statements of operations. In conjunction with the October 11, 2013 refinancing of the Company's debt, \$8.4 million of unamortized deferred finance costs related to the prior debt were written off (see Notes 6 and 7).

EL POLLO LOCO HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment on a restaurant-by-restaurant basis whenever events or changes in circumstances indicate that the carrying value of certain assets may not be recoverable. If the Company concludes that the carrying value of certain assets will not be recovered based on expected undiscounted future cash flows, an impairment write-down is recorded to reduce the assets to their estimated fair value. The Company recorded non-cash impairment charges of \$27,000 and \$42,000 for the years ended December 25, 2013 and December 26, 2012, respectively.

Insurance Reserves

The Company is responsible for workers' compensation, general and health insurance claims up to a specified aggregate stop loss amount. The Company maintains a reserve for estimated claims both reported and incurred but not reported, based on historical claims experience and other assumptions. At December 25, 2013 and December 26, 2012, the Company had accrued \$3,597,000 and \$3,153,000, respectively, and such amounts are reflected as accrued insurance in the accompanying consolidated balance sheets. The expense for such reserves for the years ended December 25, 2013 and December 26, 2012 totaled \$6,912,000 and \$8,361,000, respectively. These amounts are included in payroll and benefits and general and administrative expenses on the accompanying consolidated statements of operations.

Restaurant and Franchise Revenue

Revenues from the operation of company-operated restaurants are recognized as food and beverage products are delivered to customers and payment is tendered at the time of sale. The Company presents sales net of sales-related taxes and promotional allowances. Promotional allowances amounted to approximately \$5.7 million and \$4.0 million during the years ended December 25, 2013 and December 26, 2012, respectively. Franchise revenue consists of franchise royalties, initial franchise fees, license fees due from franchisees, IT support services and rental income for leases and subleases to franchisees. Franchise royalties are based upon a percentage of net sales of the franchisee and are recorded as income as such sales are earned by the franchisees. Initial franchise and license fees are recognized when all material obligations have been performed and conditions have been satisfied, typically when operations of the franchised restaurant have commenced. Initial franchise fees recognized during the years ended December 25, 2013 and December 26, 2012, totaled \$521,000 and \$186,000, respectively. The Company recognizes renewal fees when a renewal agreement with a franchisee becomes effective.

Advertising Costs

Advertising expense is recorded as the obligation to contribute to the advertising fund is created, generally when the associated revenue is recognized. Advertising expense, which is a component of occupancy and other operating expenses, was \$11.9 million and \$11.2 million for the years ended December 25, 2013 and December 26, 2012, respectively, and is net of \$15.8 million and \$14.1 million, respectively, funded by the franchisees' advertising fees.

Franchisees pay a monthly fee to the Company that ranges from 4% to 5% of their restaurants' net sales as reimbursement for advertising, public relations and promotional services the Company provides. Fees received in advance of provided services are included in other accrued expenses and current liabilities and were \$265,000 and \$257,000 at December 25, 2013 and December 26, 2012, respectively. Pursuant to Intermediate's Franchise Disclosure Document, company-operated restaurants contribute to the advertising fund on the same basis as franchised restaurants. At December 25, 2013, the Company was obligated to spend an additional \$119,000 in future periods to comply with this requirement.

Production costs of commercials, programming and other marketing activities are charged to the advertising funds when the advertising is first used for its intended purpose, and the costs of advertising are charged to operations as incurred. Total contributions and other marketing expenses, are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations.

EL POLLO LOCO HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Preopening Costs

Preopening costs incurred in connection with the opening of new restaurants are expensed as incurred. Preopening costs, which are included in general and administrative expenses on the accompanying consolidated statements of operations, were \$201,000 and \$320,000 for the years ended December 25, 2013 and December 26, 2012, respectively.

Franchise Area Development Fees

The Company receives area development fees from franchisees when they execute multi-unit area development agreements. The Company does not recognize revenue from the agreements until the related restaurants open or at the time the development agreements expire, if the required units are not opened. Unrecognized area development fees totaled \$90,000 and \$210,000 at December 25, 2013 and December 26, 2012, respectively, and are included in other accrued expenses and current liabilities and other noncurrent liabilities in the accompanying consolidated balance sheets. As of December 25, 2013, the Company had executed development agreements that represent commitments to open twelve franchised restaurants at various dates through 2015.

Gift cards

The Company sells gift cards to its customers in the restaurants and through selected third parties. The gift cards sold to customers have no stated expiration dates and are subject to actual and/or potential escheatment rights in several of the jurisdictions in which the Company operates. The Company recognizes income from gift cards when redeemed by the customer.

Operating Leases

Rent expense for the Company's operating leases, which generally have escalating rentals over the term of the lease, is recorded on a straight-line basis over the expected lease term. The lease term begins when the Company has the right to control the use of the leased property, which is typically before rent payments are due under the terms of the lease. Rent expense is included in occupancy and other operating expenses on the consolidated statements of operations. The difference between rent expense and rent paid is recorded as deferred rent, which is included in other noncurrent liabilities in the accompanying consolidated balance sheets. Percentage rent expenses are recorded based on estimated sales or gross margin for respective restaurants over the contingency period.

Any leasehold improvements that are funded by lessor incentives under operating leases are recorded as leasehold improvements and amortized over the expected lease term. Such incentives are also recorded as deferred rent and amortized as reductions to rent expense over the expected lease term.

Income Taxes

The 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 basis 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, the Company assesses the probability that its net deferred tax assets, if any, will be recovered. If after evaluating all of the positive and negative evidence, a conclusion is made that it is more likely than not that some portion or all of the net deferred tax assets will not be recovered, a valuation allowance is provided by a charge to tax expense to reserve the portion of the deferred tax assets which are not expected to be realized.

The Company reviews its filing positions for all open tax years in all U.S. federal and state jurisdictions where the Company is required to file.

When there are uncertainties related to potential income tax benefits, in order to qualify for recognition, the position the Company takes 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

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

likelihood of more than 50 percent. Otherwise, the Company may not recognize any of the potential tax benefit associated with the position. The Company recognizes 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 management’s 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.

The Company’s policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties at December 25, 2013 and December 26, 2012, respectively, and has not recognized interest and/or penalties during the years ended December 25, 2013 and December 26, 2012, respectively, since there are no material unrecognized tax benefits. Management believes no material change to the amount of unrecognized tax benefits will occur within in the next 12 months.

The tax years subject to examination by major tax jurisdictions include the years 2010 and forward by the U.S. Internal Revenue Service, and the years 2009 and forward for various states.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs or significant value drivers are observable.
- Level 3: Unobservable inputs used when little or no market data is available.

As of December 25, 2013 and December 26, 2012, the Company had no assets and liabilities measured at fair value on a recurring basis, except for two interest rate caps (which are Level 3 assets), which are not material.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and certain accrued expenses approximate fair value due to their short term maturities. The recorded values of notes payable approximate fair value, as interest approximates market rates (Level 3 measurement). The recorded value of other notes payable and senior secured notes payable approximates fair value, based on borrowing rates currently available to the Company for loans with similar terms and remaining maturities (Level 3 measurement).

Stock Based Compensation

Accounting literature requires the recognition of compensation expense using a fair-value based method for costs related to all share-based payments including stock options and stock issued under the Company’s employee stock plans. The guidance also requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The cost is recognized on a straight-line basis over the period during which an employee is required to provide service, usually the vesting period. For options that are based on a performance requirement, the cost is recognized on an accelerated basis over the period in which the performance criteria relate.

Earnings per share

Earnings per share (“EPS”) is calculated using the weighted average number of common shares outstanding during each period. Diluted EPS assumes the conversion, exercise or issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per share. For purposes of this calculation,

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

options are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive. The shares used to compute basic and diluted net income per share represent the weighted-average common shares outstanding.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued ASU No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* (ASU 2013-11), to require that in certain cases, an unrecognized tax benefit, or portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when such items exist in the same taxing jurisdiction. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not believe the adoption of this standard will have a significant impact on the Company's consolidated financial statements.

Reclassifications

Certain reclassifications were made to the prior year consolidated financial statements to conform to current year presentation.

3. PROPERTY AND EQUIPMENT

The costs and related accumulated depreciation and amortization of major classes of property are as follows (in thousands):

	December 25, 2013	December 26, 2012
Land	\$ 13,186	\$ 13,186
Buildings and improvements	78,181	71,468
Other property and equipment	46,079	42,868
Construction in progress	815	690
	138,261	128,212
Less: accumulated depreciation and amortization	(69,620)	(63,404)
	\$ 68,641	\$ 64,808

Depreciation expense was \$10.2 million and \$9.5 million for the years ended December 25, 2013 and December 26, 2012, respectively. Gross value of assets under capital leases was \$1,884,000 and \$1,937,000 at December 25, 2013 and December 26, 2012, respectively. Accumulated depreciation expense for assets under capital leases was \$1,703,000 and \$1,693,000 for the years ended December 25, 2013 and December 26, 2012, respectively. For the year ended December 25, 2013, capital expenditures related to restaurant remodeling and new restaurant expenditures totaled \$11.3 million, which consisted of \$9.0 million and \$2.3 million, respectively.

4. GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES

Changes in goodwill consist of the following (in thousands):

	December 25, 2013	December 26, 2012
Balance at beginning of year	\$ 249,924	\$ 249,924
Restaurant disposition	(600)	—
Balance at end of year	\$ 249,324	\$ 249,924

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company's restaurant in Norwalk, California was closed during fiscal 2013 due to an eminent domain purchase by the State of California. The Company received proceeds of approximately \$1,348,000 from the State. Goodwill was decremented by \$600,000, based on a calculation of the fair value of the restaurant closed as a percentage of the relative fair value of the remainder of the reporting unit retained. The Company recognized a net gain of \$400,000, which is recorded as gain on disposition of restaurant in the accompanying consolidated statements of operations.

Domestic trademarks consist of the following (in thousands):

	December 25, 2013	December 26, 2012
Beginning balance	\$ 120,700	\$ 120,700
Accumulated impairment charges	(58,812)	(58,812)
Ending balance	\$ 61,888	\$ 61,888

Other intangible assets subject to amortization consist of the following (in thousands):

	December 25, 2013	December 26, 2012
Favorable leasehold interest	\$ 6,038	\$ 6,038
Less: accumulated amortization	(5,104)	(4,932)
Total favorable leasehold interest, net	\$ 934	\$ 1,106
Unfavorable leasehold interest	\$ (9,156)	\$ (9,156)
Less: accumulated amortization	7,229	6,844
Unfavorable leasehold interest liability, net	\$ (1,927)	\$ (2,312)

The estimated net amortization credits (net liability) for the Company's favorable and unfavorable leasehold interests for each of the five succeeding fiscal years and thereafter is as follows (in thousands):

For the Years Ending	Favorable Leasehold Interest	Unfavorable Leasehold Interest
December 31, 2014	\$ 156	\$ (383)
December 30, 2015	140	(296)
December 28, 2016	130	(228)
December 27, 2017	106	(225)
December 26, 2018	97	(144)
Thereafter	305	(651)
Total	\$ 934	\$ (1,927)

The remaining weighted average amortization periods of the favorable leasehold interest and the unfavorable leasehold liability are 4 years and 9 years, respectively.

5. LEASES

The Company's operations utilize property, facilities, equipment and vehicles owned by the Company or leased from others. Buildings and facilities leased from others are primarily for restaurants and support facilities. Restaurants are operated under lease arrangements that generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or gross revenues in excess of a defined amount. Initial terms of land and restaurant building leases generally are not less than 20 years, exclusive of options to renew. Leases of equipment primarily consist of restaurant equipment, computer systems and vehicles. The Company subleases facilities to certain franchisees and other non-related parties which are recorded on a straight-line basis.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Information regarding the Company's future lease obligations at December 25, 2013 is as follows (in thousands):

For the Years Ending	Capital Leases		Operating Leases	
	Minimum Lease Payments	Minimum Sublease Income	Minimum Lease Payments	Minimum Sublease Income
December 31, 2014	\$ 416	\$ 115	\$ 18,645	\$ 1,004
December 30, 2015	320	72	17,203	704
December 28, 2016	258	72	15,982	595
December 27, 2017	199	28	15,431	511
December 26, 2018	172	—	13,851	354
Thereafter	249	—	78,248	116
Total	1,614	\$ 287	\$ 159,360	\$ 3,284
Less: imputed interest (11.0% to 14.8%)	(500)			
Present value of capital lease obligations	1,114			
Less: current maturities	(267)			
Noncurrent portion	\$ 847			

Net rent expense is as follows (in thousands):

For the Years Ended	December 25, 2013	December 26, 2012
Base rent	\$ 18,732	\$ 18,331
Contingent rent	491	418
Less: sublease income	(3,602)	(3,489)
Net rent expense	\$ 15,621	\$ 15,260

Base rent and contingent rent are included in occupancy and other operating expenses, while sublease income is included in franchise revenue in the accompanying consolidated statements of operations. Sublease income includes contingent rental income of \$1.7 million and \$1.6 million for the years ended December 25, 2013 and December 26, 2012, respectively.

The Company is a lessor for certain property, facilities and equipment owned by the Company and leased to others, principally franchisees, under noncancelable leases with initial terms ranging from three to nine years. The lease agreements generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or gross revenues. Total rental income, included in franchise revenue in the accompanying consolidated statements of operations, for leased property was \$377,000 and \$366,000 for the years ended December 25, 2013 and December 26, 2012, respectively.

Minimum future rental income for company-operated properties under noncancelable operating leases, which is recorded on a straight-line basis, in effect as of December 25, 2013 is as follows (in thousands):

For the Years Ending	
December 31, 2014	\$244
December 30, 2015	215
December 28, 2016	101
December 27, 2017	84
December 26, 2018	84
Total future minimum rental income	\$728

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. NEW CREDIT AGREEMENTS

On October 11, 2013 (the “Closing Date”) the Company refinanced its debt, with EPL entering into (i) a new first lien credit agreement (“First Lien Credit Agreement”) that includes a \$190 million Senior Secured Term Loan (“First Lien Term Loan”) and a senior secured revolving credit facility of \$15 million (“Revolver”) that, in each case, matures in October, 2018, and (ii) a new second lien credit agreement (“Second Lien Credit Agreement” and together with the First Lien Credit Agreement, the “Credit Agreements”) that includes a \$100 million Second Lien Term Loan (“Second Lien Term Loan”) and together with the First Lien Term Loan, (the “Term Loans”) that matures in April 2019. The proceeds received from the Term Loans on the Closing Date plus \$14.4 million funded by the Company were used to pay off the senior secured first lien credit facility due July 2017 and 17% second priority senior secured notes due January 2018 (collectively, the “Prior Credit Agreements”) and to pay fees and expenses in connection therewith.

The Credit Agreements were executed with Intermediate as guarantor, Jefferies Finance LLC, as administrative and collateral agents and solely with respect to the First Lien Credit Agreement, General Electric Capital Corporation as documentation agent, swingline lender and issuing bank.

The Credit Agreements contain 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, a maximum capital expenditure covenant, and limitations on indebtedness, liens, investments, asset sales, mergers, consolidations, liquidations and dissolutions, restricted payments and negative pledges. The Credit Agreement also contains certain customary affirmative covenants and events of default. The Company was in compliance with all such covenants at December 25, 2013.

First Lien Credit Agreement

Loans under the First Lien Credit Agreement bear interest, at an Alternate Base Rate or LIBOR, at EPL’s option, plus an applicable margin. The applicable margin rate under the First Lien Credit Agreement is 4.25% with respect to LIBOR loans and 3.25% with respect to Alternate Base Rate loans with a 1.00% floor with respect to the LIBOR rate. Interest is due on loan amounts under Alternate Base Rate elections on a monthly basis and on loan amounts bearing interest based on LIBOR at the end of each interest period in effect, provided, that with respect to LIBOR interest periods that are longer than three months, interest is payable at three month intervals. 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 December 25, 2013 is \$910,000.

The First Lien Term Loan requires quarterly principal payments of 0.25% be made commencing March 26, 2014. Obligations under the First Lien Credit Agreement are secured by a first priority lien on substantially all of EPL’s and Intermediate’s assets.

The Revolver provides for a \$15 million revolving line of credit. At December 25, 2013, \$7.3 million of letters of credit are outstanding and \$7.7 million is available to borrow under the revolving line of credit.

Second Lien Credit Agreement

Loans under the Second Lien Credit Agreements bear interest, at an Alternate Base Rate or LIBOR, at EPL’s option, plus an applicable margin. The applicable margin rate under the Second Lien Credit Agreement is 8.50% with respect to LIBOR loans and 7.50% with respect to Alternate Base Rate loans with a 1.00% floor with respect to the LIBOR rate. Interest is due on loan amounts under Alternate Base Rate elections on a monthly basis and on loan amounts bearing interest based on LIBOR at the end of each interest period in effect, provided, that with respect to LIBOR interest periods that are longer than three months, interest is payable at three month intervals. The Second Lien Term Loan was issued at a discount of \$1.0 million, and this discount is being accreted over the term of the loan, using the effective interest method. The unamortized discount at December 25, 2013 is \$962,000. The Second Lien Term Loan and the related guarantees are secured by a second-priority lien on substantially all of the assets and equity interests of EPL and Intermediate, subject to certain exceptions, which will also secure the First Lien Term Loan on a first-priority basis.

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Transaction costs**

Transaction costs of \$8.1 million were incurred in connection with the October 11, 2013 refinancing and were capitalized and are included in other assets in the accompanying consolidated balance sheets and the related amortization is reflected as a component of interest expense, net in the accompanying consolidated financial statements.

Maturities

Annual principal maturities of the First Lien Term Loan and the Second Lien Term Loan fall due as follows (in thousands):

For the Years Ending	First Lien	Second Lien
December 31, 2014	\$ 1,900	\$ —
December 30, 2015	1,900	—
December 28, 2016	1,900	—
December 27, 2017	1,900	—
December 26, 2018	182,400	—
December 25, 2019	—	100,000
	190,000	100,000
Less: unamortized discount	(910)	(962)
Total	\$ 189,090	\$ 99,038

7. PRIOR CREDIT AGREEMENTS

On July 14, 2011 the Company entered into a credit agreement (“Prior Credit Agreement”) that included a \$170 million Senior Secured Term Loan (the “Prior Term Loan”) that was due to mature in July 2017 and a senior secured revolving credit facility of \$12.5 million (the “Prior Revolver,” and together with the Term Loan, the “Prior Senior Credit Facility”) that was due to mature in July 2016. EPL also issued \$105 million of 17% second priority senior secured notes due January 2018 (“2018 Notes”).

The Prior Credit Agreement was executed with Intermediate as guarantor. The Senior Credit Facility was secured by a first priority lien on substantially all of EPL’s and Intermediate’s assets.

Prior Senior Credit Facility

The Prior Term Loan required quarterly principal payments of \$425,000 that commenced on September 28, 2011. The Prior Term Loan bore interest, at an Alternate Base Rate, as defined, or LIBOR, at EPL’s option, plus an applicable margin. The applicable margin rate was 7.75% with respect to electing a LIBOR rate and 6.75% with respect to electing the Alternate Base Rate. There was a 1.50% floor on the LIBOR rate. Interest was due on loan amounts under both LIBOR and Alternate Base Rate elected rates on a monthly basis. The Term Loan was issued at a discount of \$5.1 million, and this discount was being accreted over the term of the loan, using the effective interest method.

The Revolver provided for a \$12.5 million revolving line of credit. The Revolver bore interest, payable monthly, at an Alternate Base Rate or LIBOR, at EPL’s option, plus an applicable margin. The applicable margin rate was 6.50% with respect to LIBOR and 5.50% with respect to Alternate Base Rate advances. There was a 1.50% floor on the LIBOR rate. Interest was due on loan amounts under both LIBOR and Alternate Base Rate elected rates on a monthly basis.

In conjunction with the October 11, 2013 refinancing of EPL’s debt, call premiums of \$3.3 million were incurred in connection with the repurchase of the Prior Senior Credit Facility. In addition, the Company expensed \$5.1 million of the remaining unamortized deferred finance costs and wrote off \$3.2 million of unamortized discount, associated with the Prior Senior Credit Facility. These costs were expensed and are reflected in loss on early extinguishment of debt in the accompanying consolidated statements of operations.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Second Priority Senior Secured Notes (“2018 Notes”)

The 2018 Notes bore cash interest of 12.5% per annum, which was due semi-annually in January and July of each year, which commenced on January 1, 2012. An additional 4.5% non-cash interest amount accrued on the 2018 Notes, which was added to the principal amount of the 2018 Notes on each interest payment date. The 2018 Notes were issued at a discount of \$3.2 million, and this discount was accreted over the term of the notes, using the effective interest rate method. The 2018 Notes were unconditionally guaranteed by Intermediate and each existing and subsequently acquired wholly-owned domestic subsidiary of EPL. The 2018 Notes were due to mature on January 10, 2018.

In conjunction with the October 11, 2013 refinancing of EPL’s debt, call premiums of \$4.6 million were incurred in connection with the repurchase of the 2018 Notes. In addition, the Company expensed \$3.2 million of the remaining unamortized deferred finance costs and wrote off \$2.0 million of the remaining unamortized discount, associated with the Prior Senior Credit Facility. These costs were expensed and are reflected in loss on early extinguishment of debt in the accompanying consolidated statements of operations.

8. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

Other accrued expenses and current liabilities consist of the following (in thousands):

	December 25, 2013	December 26, 2012
Accrued sales and property taxes	\$ 3,190	\$ 3,010
Other	4,635	4,230
Total other accrued expenses and current liabilities	\$ 7,825	\$ 7,240

9. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of the following (in thousands):

	December 25, 2013	December 26, 2012
Deferred rent	\$ 6,648	\$ 7,546
Other	1,396	1,662
Total noncurrent liabilities	\$ 8,044	\$ 9,208

10. INCOME TAXES

The provision for income taxes is based on the following components (in thousands):

For the Years Ended	December 25, 2013	December 26, 2012
Current income taxes:		
Federal	\$ —	\$ 2
State	30	26
Total current	30	28
Deferred income taxes:		
Federal	1,037	1,013
State	334	986
Total deferred	1,371	1,999
	\$ 1,401	\$ 2,027

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The provision for income taxes differs from the amount computed by applying the federal income tax rate as follows:

For the Years Ended	December 25, 2013	December 26, 2012
Statutory regular federal income tax rate	35.0%	35.0%
State tax benefit (net of federal benefit)	5.4	12.7
Change in tax rate	—	(15.5)
Change in valuation allowance	(43.4)	(75.9)
Other	(6.5)	5.2
Total	(9.5)%	(38.5)%

Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company's deferred tax assets and liabilities consist of the following (in thousands):

	December 25, 2013	December 26, 2012
Deferred assets:		
Capital leases	\$ 413	\$ 560
Accrued vacation	621	658
Accrued legal	234	—
Deferred rent	1,898	4,476
Accrued workers' compensation	1,045	934
Enterprise zone and other credits	530	530
Net operating losses	54,960	47,160
Fixed assets	4,605	3,847
Deferred financing costs	19	431
Other	5,859	4,701
	70,184	63,297
Valuation allowance	(65,110)	(58,779)
Net deferred tax assets	5,074	4,518
Deferred liabilities:		
Goodwill	(7,357)	(5,723)
Trademark	(26,315)	(25,646)
Prepaid expense	(570)	(1,410)
Other	(2,777)	(2,313)
Deferred tax liabilities	(37,019)	(35,092)
Net deferred tax liabilities	\$ (31,945)	\$ (30,574)

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The deferred tax amounts mentioned above have been classified on the accompanying consolidated balance sheets as follows (in thousands):

	December 25, 2013	December 26, 2012
Current:		
Liabilities	\$ (322)	\$ (334)
Noncurrent:		
Liabilities	(31,623)	(30,240)
	\$ (31,945)	\$ (30,574)

The Company has evaluated the available evidence supporting the realization of its gross deferred tax assets, including the amount and timing of future taxable income, and has determined it is more likely than not that the assets will not be realized. Due to uncertainties surrounding the realizability of the deferred tax assets, the Company continues to maintain a full valuation allowance against its deferred tax assets and the valuation allowance increased by \$6.3 million to \$65.1 million at December 25, 2013 from \$58.8 million at December 26, 2012.

As of December 25, 2013, the Company has federal and state net operating loss carryforwards of \$123 million and \$136 million, respectively, which expire beginning in 2024 and 2014, respectively. The Company also has state enterprise zone credits and alternative minimum tax credits of \$351,000 and \$157,000, respectively, which carryforward indefinitely.

The utilization of net operating loss carryforwards may be subject to limitations under provision of the Internal Revenue Code Section 382 and similar state provisions. The net operating loss carryforward includes losses of \$0.3 million which are attributable to excess stock option deductions. The benefits related to these net operating losses will be recorded in additional paid-in capital when realized.

Recently enacted tax laws may also affect the tax provision on the Company's consolidated financial statements. The state of California passed a new law which mandates the use of a single sales factor apportionment formula for tax years beginning on or after January 1, 2013. As a result, the state deferred tax assets were revalued during the year ended December 25, 2013 in order to account for the change in the tax law. As of December 25, 2013, there was a 100% valuation allowance against the state deferred tax asset.

The Company did not have any unrecognized tax benefits during the years ended December 25, 2013 or December 26, 2012.

11. EMPLOYEE BENEFIT PLANS

The Company sponsors a defined contribution employee benefit plan that permits its employees, subject to certain eligibility requirements, to contribute up to 25% of their qualified compensation to the plan. The Company matches 100% of the employees' contributions of the first 3% of the employees' annual qualified compensation, and 50% of the employees' contributions of the next 2% of the employees' annual qualified compensation. The Company's matching contribution immediately fully vests. The Company's contributions to the plan for the years ended December 25, 2013, and December 26, 2012, were \$447,000 and \$396,000, respectively.

12. STOCK-BASED COMPENSATION

As of December 25, 2013 and December 26, 2012, options to purchase 3,338,096 and 3,472,539 shares, respectively, of common stock of the Company were outstanding. Included in the December 25, 2013 amount are 1,709,748 options that are fully vested. The remaining options vest over time or upon the Company's attaining annual financial goals. However, upon the occurrence of an initial public offering or a change in control of the Company, the vesting may be accelerated as deemed appropriate at the sole discretion of the board. In fiscal 2013 and 2012, the Company granted 535,238 and 2,126,677 options with an exercise price of \$5.84 which is greater than the fair value of

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the common stock on the date of grant. The options generally expire 10 years from the date of grant. As of December 25, 2013, 2,062,448 premium options remain outstanding. In fiscal 2013 and 2012, the Company granted 267,619 and 1,063,343 options with an exercise price equal to the fair value of the common stock on the date of grant. Of the total options granted in fiscal 2013 and 2012, 50% are performance based and vest according to whether certain financial targets are met, and the remaining 50% vest over four and three years, respectively.

Changes in stock options for the years ended December 25, 2013 and December 26, 2012 are as follows:

	Shares	Weighted-Average Exercise Price
Outstanding—December 28, 2011	576,370	\$ 9.74
Grants	3,190,019	4.77
Exercised	(8,093)	1.18
Forfeited, cancelled or expired	(285,757)	9.23
Outstanding—December 26, 2012	3,472,539	5.23
Grants	802,857	5.25
Exercised	—	—
Forfeited, cancelled or expired	(937,300)	4.98
Outstanding—December 25, 2013	3,338,096	\$ 5.31
Vested and expected to vest at December 25, 2013	3,338,096	\$ 5.31
Exercisable at December 25, 2013	1,709,748	\$ 5.36

Stock options at December 25, 2013 are summarized as follows:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (in Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$ 1.81 – \$ 4.09	1,057,279	8.43	\$ 2.98	533,551	\$ 2.69
5.84 – 10.09	2,157,703	8.32	6.02	1,110,247	6.20
12.71 – 12.72	123,113	3.02	12.71	65,950	12.71
\$ 1.81 – \$12.72	3,338,095	8.16	\$ 5.31	1,709,748	\$ 5.36

The intrinsic value of options outstanding and options exercisable, calculated as the difference between the market value as of December 25, 2013 and the exercise price, are \$13.9 million and \$7.1 million, respectively.

Options are accounted for as follows:

Employee Options

The Company expenses the estimated fair value of employee stock options and similar awards based on the grant-date fair value of the award. For options that are based on a service requirement, the cost is recognized on a straight-line basis over the period during which an employee is required to provide service, usually the vesting period. The options granted in fiscal 2012 had a three year vesting period while the options granted in fiscal 2013 had a four year vesting period. For options that are based on a performance requirement, the cost is recognized over the period which the performance criteria relate to. The Company has authorized 5,521,037 shares of common stock for issuance in connection with stock options. As of December 25, 2013, 503,124 were available for grant.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In order to meet the fair value measurement objective, the Company utilizes the Black-Scholes option-pricing model to value compensation expense for share-based awards and has developed estimates of various inputs including forfeiture rate, expected term life, expected volatility, and risk-free interest rate. The forfeiture rate is based on historical rates and reduces the compensation expense recognized. The expected term of options granted is derived from the simplified method. The risk-free interest rate is based on the implied yield on a U.S. Treasury constant maturity with a remaining term equal to the expected term of the Company's employee stock options. Expected volatility is based on the comparative industry entity data. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero for option valuation. The volatility factor was determined based on four publicly-traded companies which are in the same market category as the Company. The peer companies were selected based on similarity of market capitalization, size and certain operating characteristics. The calculated volatility was established by taking the historical daily closing values prior to grant date, over a period equal to the expected term, for each of the peer companies.

The weighted-average estimated fair value of employee stock options granted during the year ended December 25, 2013 was \$1.40 per share using the Black-Scholes model with the following weighted-average assumptions used to value the option grants: Expected volatility of 40.6%; Expected life of 6.25; Risk-free interest rates of 1.15% to 1.99%; and expected dividends—0%.

The weighted-average estimated fair value of employee stock options granted during the year ended December 26, 2012 was \$0.60 per share using the Black-Scholes model with the following weighted-average assumptions used to value the option grants: Expected volatility of 39.0%; Expected life—5.75 years; Risk-free interest rates—1.02%; and expected dividends—0%.

During the years ended December 25, 2013 and December 26, 2012, the Company recognized share-based compensation expense of \$822,000 and \$860,000, respectively. These expenses were included in general and administrative expenses consistent with the salary expense for the related optionees in the accompanying consolidated statements of operations.

As of December 25, 2013, there was total unrecognized compensation expense of \$860,000 related to unvested stock options which the Company expects to recognize over a weighted average period of 1.8 years.

The Company has a Stockholders Agreement that provides that, under certain circumstances, certain management holders of shares, including shares acquired from exercise of option awards, can put such shares to the Company at fair market value. Because the events that could trigger the right to put are not within the control of the management holders, such option awards are classified as liabilities only when the condition that could trigger the put right is probable of occurring. As of December 25, 2013, the Company concluded that the contingent events are not probable and therefore the option awards are classified as equity. The Company's Stockholders Agreement also provides the Company with call rights if a management holder leaves the Company for various reasons. The Company has sufficient authorized capital, has the ability to deliver shares, and does not have a practice of repurchasing shares for cash. Upon the completion of a qualified initial public offering, the related shares will no longer be puttable or callable.

13. NET LOSS PER SHARE

Basic net loss per share is calculated using the weighted average shares of common stock outstanding during the years ended December 25, 2013 and December 26, 2012. Diluted net loss per share is calculated using the weighted average number of common and potentially dilutive common shares outstanding during the period, using the treasury stock method.

For the year ended December 25, 2013, potentially dilutive securities, which consist of options to purchase 1,709,748 shares of common stock at prices ranging from \$1.81 to \$12.72 were not included in the computation of diluted net loss per share because such inclusion would be antidilutive.

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For the year ended December 26, 2012, potentially dilutive securities, which consist of options to purchase 836,402 shares of common stock at prices ranging from \$1.81 to \$12.72 were not included in the computation of diluted net loss per share because such inclusion would be antidilutive.

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated (in thousands, except for per share data):

For the Years Ended	December 25, 2013	December 26, 2012
Numerator:		
Net Loss	\$ (16,873)	\$ (7,865)
Denominator:		
Weighted average shares outstanding	28,712,622	28,712,194
Net Loss Per Share	\$ (0.59)	\$ (0.27)

14. COMMITMENTS AND CONTINGENCIES**Legal Matters**

On or about 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 include compensatory and punitive damages, injunctive relief, disgorgement of profits and reasonable attorneys' fees and costs. The Company was served with the complaint on March 3, 2014. While the Company intends to vigorously defend against this action, including its class certification, the ultimate outcome of the case is presently not determinable as it is in a preliminary phase. Thus, the Company cannot at this time determine the likelihood of an adverse judgment or a likely range of damages in the event of an adverse judgment. Any settlement of or judgment with a negative outcome arising from such lawsuit could have an adverse material impact.

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

Purchasing Commitments

The Company has long-term beverage supply agreements with certain major beverage vendors. Pursuant to the terms of these arrangements, marketing rebates are provided to the Company and its franchisees from the beverage vendors based upon the dollar volume of purchases for system-wide restaurants which will vary according to their demand for beverage syrup and fluctuations in the market rates for beverage syrup. These contracts have terms extending into 2017 with an estimated Company obligation totaling \$24.3 million.

At December 25, 2013, the Company's total estimated commitment to purchase chicken was \$2.4 million.

Contingent Lease Obligations

As a result of assigning the Company's interest in obligations under real estate leases in connection with the sale of Company-operated restaurants to some of the Company's franchisees, the Company is contingently liable on two lease agreements. These leases have various terms, the latest of which expires in 2015. As of December 25, 2013, the

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

potential amount of undiscounted payments the Company could be required to make in the event of non-payment by the primary lessee was \$158,000. The present value of these potential payments discounted at the Company's estimated pre-tax cost of debt at December 25, 2013 was \$139,000. The Company's franchisees are primarily liable on the leases. The Company has cross-default provisions with these franchisees that would put them in default of their franchise agreement in the event of non-payment under the leases. The Company believes these cross-default provisions reduce the risk that payments will be required to be made under these leases. Accordingly, no liability has been recorded in the Company's consolidated financial statements related to these guarantees.

Employment Agreements

The Company has employment agreements with four of the officers of the Company on an at will basis. These agreements provide for minimum salary levels, possible annual adjustments for cost-of-living changes, and incentive bonuses that are payable under certain business conditions.

Indemnification Agreements

The Company has entered into indemnification agreements with each of the current directors and executive officers. These agreements require the Company to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to the Company and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. The Company also intends to enter into indemnification agreements with our future directors and executive officers.

15. RELATED PARTY TRANSACTIONS

Trimaran Capital LLC ("Trimaran") and Freeman Spogli & Co. ("Freeman Spogli") indirectly beneficially own shares sufficient for majority control over all matters requiring stockholder votes, including: the election of directors; mergers, consolidations and acquisitions; the sale of all or substantially all of the Company's assets and other decisions affecting the Company's capital structure; amendments to the Company's certificate of incorporation or bylaws; and the Company's winding up and dissolution. Furthermore, pursuant to the limited liability company operating agreement of LLC, investment funds managed by Trimaran and Freeman Spogli will have the right to instruct LLC to appoint certain members of the board of directors and board committees of the Company, subject to certain conditions. Specifically, provided LLC owns a majority of the Company's common stock, Freeman Spogli will be able to appoint one member of the board of directors for so long as they hold 5% of the outstanding membership interests of LLC and Trimaran will be able to appoint the remaining members of the board of directors.

On November 18, 2005, the Company entered into a Monitoring and Management Services Agreement (the "Agreement") with Trimaran Fund Management, LLC ("Fund Management"), an affiliate of the majority owner of the Company and of certain directors, which provides for annual fees of \$500,000 and reasonable expenses. This Agreement was amended on December 26, 2007 to add an affiliate of FS Equity Partners V, L.P., FS Affiliates V, L.P. (minority shareholders of the Company) as a party to the Agreement. Such party shares in the fees payable under the Agreement. During the years ended December 25, 2013 and December 26, 2012, \$624,000 and \$612,000, respectively, were paid pursuant to this Agreement. These amounts are included in general and administrative expenses in the accompanying consolidated statements of operations.

16. STOCK SPLIT AND AUTHORIZATION OF ADDITIONAL SHARES

On July 14, 2014, the Company amended its certificate of incorporation to increase the number of shares the Company is authorized to issue to 200,000,000 shares of common stock, par value \$0.01 per share. The amendment of the certificate of incorporation effected an internal recapitalization pursuant to which the Company effected an 8.56381-for-1 stock split on its outstanding common stock.

Accordingly, all common share and per share amounts in these consolidated financial statements and the notes thereto have been adjusted to reflect the 8.56381-for-1 stock split as though it had occurred at the beginning of the initial period presented.

SCHEDULE 1

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

EL POLLO LOCO HOLDINGS, INC.

PARENT COMPANY FINANCIAL STATEMENTS

SCHEDULE 1

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
El Pollo Loco Holdings, Inc.
Costa Mesa, California

The audits referred to in our report to El Pollo Loco Holdings, Inc. (the "Company"), dated April 25, 2014, except for Note 16 which is as of July 14, 2014, which is contained in the Prospectus constituting part of this Registration Statement, also included the audit of the financial statement schedule listed under Item 16(b) as of December 25, 2013 and December 26, 2012 and for each of the two years in the period ended December 25, 2013. The financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ BDO USA, LLP
Costa Mesa, California

June 4, 2014, except for Note 4 which is as of July 14, 2014

SCHEDULE 1

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

EL POLLO LOCO HOLDINGS, INC.

PARENT COMPANY BALANCE SHEETS
(Amounts in thousands, except share data)

	December 25, 2013	December 26, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,394	\$ 4,480
Total current assets	4,394	4,480
Investment in subsidiaries, net	44,142	60,107
Total assets	\$ 48,536	\$ 64,587
Liabilities and Stockholders' Equity		
Total liabilities	—	—
Commitments and contingencies		
Stockholders' Equity		
Common stock, \$0.01 par value—200,000,000 shares authorized; 28,712,622 shares issued and outstanding	287	287
Additional paid-in capital	240,151	239,329
Accumulated deficit	(191,902)	(175,029)
Total stockholders' equity	48,536	64,587
Total liabilities and stockholders' equity	\$ 48,536	\$ 64,587

See notes to consolidated financial statements.

SCHEDULE 1

EL POLLO LOCO HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF OPERATIONS
(Amounts in thousands, except share data)

For the Years Ended	December 25, 2013	December 26, 2012
Revenue		
Company-operated restaurant revenue	\$ —	\$ —
Franchise revenue	—	—
Total revenue	—	—
General and administrative expenses	912	950
Total expenses	912	950
Loss from operations	(912)	(950)
Interest income	4	15
Loss before provision for income taxes	(908)	(935)
Provision for income taxes	—	—
Equity in earnings of subsidiaries, net of tax	(15,965)	(6,930)
Net loss	\$ (16,873)	\$ (7,865)
Net loss per share		
Basic and diluted	\$ (0.59)	\$ (0.27)
Weighted average shares used in computing net loss per share		
Basic and diluted	28,712,622	28,712,194

See notes to consolidated financial statements.

SCHEDULE 1

EL POLLO LOCO HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts in thousands, except share data)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Equity
Balance, December 28, 2011	28,710,070	\$ 287	\$ 238,473	\$ (167,164)	\$ 71,596
Stock based compensation	—	—	860	—	860
Cash used for net stock option exercises	2,552	—	(4)	—	(4)
Net loss attributable to El Pollo Loco Holdings, Inc., and subsidiaries' common stockholders	—	—	—	(7,865)	(7,865)
Balance, December 26, 2012	28,712,622	287	239,329	(175,029)	64,587
Stock based compensation	—	—	822	—	822
Net loss attributable to El Pollo Loco Holdings, Inc., and subsidiaries' common stockholders	—	—	—	(16,873)	(16,873)
Balance, December 25, 2013	28,712,622	\$ 287	\$ 240,151	\$ (191,902)	\$ 48,536

See notes to consolidated financial statements.

SCHEDULE 1

EL POLLO LOCO HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in thousands)

For the Years Ended	December 25, 2013	December 26, 2012
Cash flows from operating activities		
Net loss	\$ (16,873)	\$ (7,865)
Adjustments to reconcile changes in net loss to net cash used in operating activities	16,787	7,790
Net cash used in operating activities	(86)	(75)
Decrease in cash and cash equivalents	(86)	(75)
Cash and cash equivalents, beginning of year	4,480	4,555
Cash and cash equivalents, end of year	\$ 4,394	\$ 4,480

See notes to consolidated financial statements.

SCHEDULE 1

EL POLLO LOCO HOLDINGS, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. BACKGROUND AND BASIS OF PRESENTATION

The accompanying condensed financial statements include only the accounts of El Pollo Loco Holdings, Inc. (“Holdings”). Holdings is a Delaware corporation headquartered in Costa Mesa, California. Holdings and its direct and indirect subsidiaries are collectively known as the “Company”. Investments in the Company’s subsidiaries are accounted for under the equity method. These parent company financial statements have been prepared in accordance with Rule 12-04 of Regulation S-X, as restricted net assets of the Company’s subsidiaries exceed 25% of the Company’s consolidated net assets as of December 25, 2013.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted since this information is included in the Company’s annual consolidated financial statements included in this registration statement.

2. RESTRICTED NET ASSETS OF SUBSIDIARIES

Holdings has no material assets or operations. Holdings’ direct subsidiary, EPL Intermediate, Inc. (“Intermediate”) guarantees EPL’s credit agreements on a full and unconditional basis and Intermediate has no subsidiaries other than EPL. EPL is a separate and distinct legal entity, has no obligation to make funds available to Intermediate, and currently has no restrictions that limit distributions or dividends to be paid by EPL to Intermediate, which ultimately limit distributions or dividends to Holdings.

EPL may make distributions to Intermediate only under certain restricted circumstances, including, but not limited to, payments of: (i) franchise taxes or other costs of maintaining the corporate existence of Intermediate, (ii) accounting, legal, administrative and operating expenses of Intermediate, up to \$250,000 in any 12 month period, and (iii) EPL’s allocable portion of tax liabilities on consolidated tax returns with Intermediate, subject to certain overall amounts.

EPL is also restricted in its dividend payments to Intermediate. These restricted dividend payments include, but are not limited to: (i) dividends payable solely in EPL’s own common stock or other common equity interests, (ii) payments that permit Intermediate to repurchase or redeem qualified capital stock of Intermediate held by present or former officers, directors or employees, not to exceed \$1,000,000 in any fiscal year (with unused amounts carried over to the next fiscal year), and (iii) provided that no default or event of default under the credit facilities has occurred, is continuing, or would result therefrom, dividends limited to various absolute ceiling amounts, including an aggregate amount up to \$5,000,000 (shared with Intermediate) for dividends not including those paid pursuant to stock options and other benefit plans.

Likewise, Intermediate is restricted in its own dividend payments, with such restrictions including, but not limited to, dividends payable solely in Intermediate’s own common stock or other common equity interests. Intermediate may purchase, redeem, or otherwise acquire equity interests issued by it with the proceeds received by it from the substantially concurrent issue of new shares of its common stock or other common equity interests.

3. COMMITMENTS AND CONTINGENCIES

As of December 25, 2013 and December 26, 2012, El Pollo Holdings, Inc. had no commitments and contingencies, other than those incurred through its direct and indirect subsidiaries.

4. STOCK SPLIT AND AUTHORIZATION OF ADDITIONAL SHARES

On July 14, 2014, the Company amended its certificate of incorporation to increase the number of shares the Company is authorized to issue to 200,000,000 shares of common stock, par value \$0.01 per share. The amendment of the certificate of incorporation effected an internal recapitalization pursuant to which the Company effected an 8.56381-for-1 stock split on its outstanding common stock.

Accordingly, all common share and per share amounts in these parent company financial statements and the notes thereto have been adjusted to reflect the 8.56381-for-1 stock split as though it had occurred at the beginning of the initial period presented.

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

See notes to condensed consolidated financial statements (unaudited).

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

	September 24, 2014	December 25, 2013
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
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 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.

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, 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.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

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.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

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

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

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.

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

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

EL POLLO LOCO HOLDINGS, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****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.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

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

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

9. RELATED PARTY TRANSACTIONS

Trimaran Capital, L.L.C., and Freeman Spogli & Co. 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 their 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.

6,000,000 Shares



El Pollo Loco Holdings, Inc.

Common Stock

PRELIMINARY PROSPECTUS

Jefferies

Morgan Stanley

Baird

William Blair

Stifel

November 17, 2014

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution.**

The following table sets forth the estimated fees and expenses (except for the SEC registration fee and the FINRA filing fee) payable by the registrant in connection with the sale of the shares of common stock being registered hereby:

SEC registration fee	\$ 31,682
FINRA filing fee	\$ 38,257
Printing and engraving expenses	\$ 75,000
Legal fees and expenses	\$250,000
Accounting fees and expenses	\$ 80,000
Transfer agent and registrar fees and expenses	\$ 9,800
Miscellaneous	\$ 20,000
Total	<u>\$504,739</u>

We will bear all of the expenses shown above.

Item 14. Indemnification of Directors and Officers.

Section 102 of the DGCL allows a corporation to eliminate the personal liability of directors to a corporation or its stockholders for monetary damages for a breach of a fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase or redemption in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL provides, among other things, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the corporation's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding. The power to indemnify applies if (i) such person is successful on the merits or otherwise in defense of any action, suit or proceeding or (ii) such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the corporation as well, but only to the extent of defense expenses (including attorneys' fees but excluding amounts paid in settlement) actually and reasonably incurred and not to any satisfaction of judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification shall be made in the event of any adjudication of negligence or misconduct in the performance of his duties to the corporation, unless a court believes that in light of all the circumstances indemnification should apply.

Section 174 of the DGCL provides, among other things, that a director who willfully and negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the board of directors at the time the action occurred or immediately after the absent director receives notice of the unlawful acts.

Our certificate of incorporation states that no director shall be personally liable to us or any of our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as it exists or may be amended. A director is also not exempt from liability for any transaction from which he or she derived an improper personal benefit, or for violations of Section 174

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of the DGCL. To the maximum extent permitted under Section 145 of the DGCL, our certificate of incorporation authorizes us to indemnify any and all persons whom we have the power to indemnify under the law.

Our bylaws provide that we will indemnify, to the fullest extent permitted by the DGCL, each person who was or is made a party or is threatened to be made a party in any legal proceeding by reason of the fact that he or she is or was our director or officer or is or was our director or officer serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. However, such indemnification is permitted only if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. Indemnification is authorized on a case-by-case basis by (1) our board of directors by a majority vote of disinterested directors, (2) a committee of the disinterested directors, (3) independent legal counsel in a written opinion if (1) and (2) are not available, or if disinterested directors so direct, or (4) the stockholders. Indemnification of former directors or officers shall be determined by any person authorized to act on the matter on our behalf. Expenses incurred by a director or officer in defending against such legal proceedings are payable before the final disposition of the action, provided that the director or officer undertakes to repay us if it is later determined that he or she is not entitled to indemnification.

Additionally, we have entered into indemnification agreements with our directors and certain officers. Each indemnification agreement provides, among other things, for indemnification to the fullest extent permitted by law and our certificate of incorporation and bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements provide for the advancement or payment of all expenses to the indemnitee and for reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our certificate of incorporation and bylaws.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. We maintain directors' and officers' liability insurance for our officers and directors.

We maintain standard policies of insurance under which coverage is provided (a) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and (b) to ourself with respect to payments which may be made by us to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

Item 15. Recent Sales of Unregistered Securities.

The following list sets forth information as to all unregistered securities that we have sold or granted during the last three years, each of which was exempt from the registration requirements of the Securities Act.

- (1) On November 17, 2011, we issued 5,323.78 shares of our common stock to Julie Weeks for aggregate consideration of \$13,782. The issuances of these securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act, and Regulation D or Regulation S promulgated thereunder, as transactions by an issuer not involving any public offering.
- (2) On February 27, 2012, Brian Carmichall exercised options to purchase 2,552 shares of our common stock at an exercise price of \$2.59 per share. The issuance of these securities was deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer pursuant to benefit plans and contracts relating to compensation as provided under Rule 701.
- (3) On March 28, 2014, Elizabeth Estis exercised options to purchase 2,928 shares of our common stock at an exercise price of \$9.31 per share. The issuance of these securities was deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer pursuant to benefit plans and contracts relating to compensation as provided under Rule 701.

Item 16. Exhibits and Financial Statement Schedules.

- (a) Exhibits: The list of exhibits is set forth in beginning on page II-5 of this Registration Statement and is incorporated herein by reference.
- (b) Financial Statement Schedules: No financial statement schedules are provided because the information called for is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

* (f) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

* (h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

* The undersigned registrant hereby undertakes that:

- For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

* Paragraph references correspond to those of Regulation S-K, Item 512.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Costa Mesa, State of California on November 17, 2014.

El Pollo Loco Holdings, Inc.

/s/ Stephen J. Sather

By: Stephen J. Sather

Title: Chief Executive Officer

SIGNATURES AND POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Stephen J. Sather</u> Stephen J. Sather	Director, President and Chief Executive Officer (principal executive officer)	November 17, 2014
* <u>Laurance Roberts</u>	Chief Financial Officer (principal financial and accounting officer)	November 17, 2014
* <u>Michael G. Maselli</u>	Chairman and Director	November 17, 2014
* <u>Dean C. Kehler</u>	Director	November 17, 2014
* <u>Wesley W. Barton</u>	Director	November 17, 2014
* <u>John M. Roth</u>	Director	November 17, 2014
* <u>Douglas K. Ammerman</u>	Director	November 17, 2014
* <u>Samuel N. Borgese</u>	Director	November 17, 2014

*Pursuant to Power of Attorney

/s/ Stephen J. Sather

Stephen J. Sather

EXHIBIT INDEX

Exhibit	Description
1.1	Form of Underwriting Agreement
3.1(2)	Amended and Restated Certificate of Incorporation of El Pollo Loco Holdings, Inc.
3.2(2)	Amended and Restated By-Laws of El Pollo Loco Holdings, Inc.
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP
10.1(1)	Income Tax Receivable Agreement, dated July 30, 2014, between El Pollo Loco Holdings, Inc., and Trimaran Pollo Partners, L.L.C.
10.2(3)	Franchise Development Agreement (Exclusive), dated August 20, 2014, between El Pollo Loco, Inc., as franchisor, and Anil Yadav and Atour Eyvazian, collectively, as developer
10.3(3)	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
10.4(4)	Franchise Development Option Agreement, dated July 11, 2014, between El Pollo Loco, Inc., and Trimaran Pollo Partners, L.L.C.
10.5(4)	First Lien Credit Agreement, dated as of October 11, 2013, among El Pollo Loco, Inc., EPL Intermediate, Inc., the other guarantors party thereto, the lenders party thereto, Jefferies Finance LLC, General Electric Capital Corporation, GE Capital Markets, Inc. and Golub Capital LLC
10.6(4)	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
10.7(4)	Stockholders Agreement, dated as of November 18, 2005, by and among El Pollo Loco Holdings, Inc. (formerly Chicken Acquisition Corp.) and the stockholders listed therein
10.8(4)	Amendment No. 1 to Stockholders Agreement, dated as of April 20, 2006, by and between El Pollo Loco Holdings, Inc. (formerly Chicken Acquisition Corp.) and Trimaran Pollo Partners, L.L.C.
10.9(4)	Amendment No. 2 to Stockholders Agreement, dated as of December 26, 2007, by and between El Pollo Loco Holdings, Inc. (formerly Chicken Acquisition Corp.) and Trimaran Pollo Partners, L.L.C.
10.10(4)	Second Amended and Restated Limited Liability Company Operating Agreement of Trimaran Pollo Partners, L.L.C., dated as of March 8, 2006
10.11(4)	Amendment No. 1 to Second Amended and Restated Limited Liability Company Operating Agreement of Trimaran Pollo Partners, L.L.C., dated as of December 26, 2007
10.12(4)	Amendment No. 2 to Second Amended and Restated Limited Liability Company Operating Agreement of Trimaran Pollo Partners, L.L.C., dated as of January 30, 2008
10.13(4)	Amendment No. 3 to Second Amended and Restated Limited Liability Company Operating Agreement of Trimaran Pollo Partners, L.L.C., dated as of July 14, 2011
10.14(4)	Form of Franchise Agreement
10.15(4)	Form of Franchise Development Agreement
10.16(4)	Amended and Restated Employment Agreement between Stephen J. Sather and El Pollo Loco, Inc.
10.17(4)	Employment Agreement between Laurance Roberts and El Pollo Loco, Inc.
10.18(4)	Employment Agreement between Kay Bogeajis and El Pollo Loco, Inc.
10.19(4)	Employment Agreement between Edward Valle and El Pollo Loco, Inc.
10.20(4)	2012 Stock Option Plan
10.21(4)	2014 Omnibus Equity Incentive Plan
10.22(4)	Form of Option Award Agreement (Fair Market Value Options) under 2012 Stock Option Plan
10.23(4)	Form of Option Award Agreement (Premium Options) under 2012 Stock Option Plan
10.24(4)	Form of Option Award Agreement (Fair Market Value Options) under 2014 Omnibus Equity Incentive Plan
10.25(4)	Form of Non-Officer Director Restricted Share Agreement under 2014 Omnibus Equity Incentive Plan
10.26(4)	Form of Indemnification Agreement between El Pollo Loco Holdings, Inc. and each of its directors and executive officers
21.1(4)	Subsidiaries of El Pollo Loco Holdings, Inc.
23.1	Consent of BDO USA, LLP
23.2	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included as part of Exhibit 5.1)

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Exhibit	Description
23.3	Consent of Technomic, Inc.*
23.4	Consent of Buxton Co.*
24.1	Powers of Attorney (included on signature page to this Registration Statement)*
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

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- (1) Incorporated by reference to our Quarterly Report on Form 10-Q filed on November 7, 2014.
(2) Incorporated by reference to our Quarterly Report on Form 10-Q filed on September 5, 2014.
(3) Incorporated by reference to our Current Report on Form 8-K filed on August 22, 2014.
(4) Incorporated by reference to our Registration Statement on Form S-1, File No. 333-197001.
* Previously filed.

6,000,000 Shares

El Pollo Loco Holdings, Inc.

UNDERWRITING AGREEMENT

[—]

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. The stockholders of El Pollo Loco Holdings, Inc., a Delaware corporation (the “**Company**”), named in Schedule A (collectively, the “**Selling Stockholders**”) severally propose to sell to the several underwriters named in Schedule B (the “**Underwriters**”) an aggregate of 6,000,000 shares of the Company’s common stock, par value \$0.01 per share (the “**Shares**”). The 6,000,000 Shares to be sold by the Selling Stockholders are collectively called the “**Firm Shares**.” In addition, the Selling Stockholders have severally granted to the Underwriters an option to purchase up to an additional 900,000 Shares, with each Selling Stockholder selling up to the amount set forth opposite such Selling Stockholder’s name in Schedule A, all as provided in Section 2. The additional 900,000 Shares to be sold by the Selling Stockholders pursuant to such option are 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 B, 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. 333-200075 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 [—] 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 [—] [a.m.] [p.m.] (New York City time) on [—]. 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 C 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 D 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.A.(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 and each of the Selling Stockholders hereby confirm their respective agreements with the Underwriters as follows:

Section 1. Representations and Warranties.

A. Representations and Warranties of the Company. 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(c) 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 C, 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 and (ii) the completion of the Underwriters' distribution of the Offered Shares, 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 C 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) 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, other than the Selling Stockholders with respect to the Offered Shares included in the Registration Statement.

(g) 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.

(h) 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.

(i) 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. The interactive data in eXtensible Business Reporting Language included in the Registration Statement fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable 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.

(j) 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; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) the interactive data in eXtensible Business Reporting Language included in the Registration Statement, the Time of Sale Prospectus and the Prospectus fairly presents the information called for in all material respects and is prepared in accordance with the Commission's rules and guidelines applicable thereto.

(k) 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.

(l) 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**").

(m) 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.

(n) 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 (including the Shares owned by the Selling Stockholders) 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.

(o) Stock Exchange Listing. The Shares are registered pursuant to Section 12(b) or 12(g) of the Exchange Act and are listed on the NASDAQ Global Select Market (the "NASDAQ"), and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Shares under the Exchange Act or delisting the Shares from the NASDAQ, nor has the Company received any notification that the Commission or the NASDAQ is contemplating terminating such registration or listing. To the Company's knowledge, it is in compliance with all applicable listing requirements of NASDAQ.

(p) 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 and the consummation of the transactions contemplated hereby and by the Registration Statement, the Time of Sale Prospectus and the Prospectus (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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.A(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.

(w) 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.

(x) 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.

(y) 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.

(z) 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.

(aa) Company Not an "Investment Company." The Company is not required to register as an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act").

(bb) 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.

(cc) 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.

(dd) 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.

(ee) 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 Selling Stockholders and 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.

(ff) 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.

(gg) 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.

(hh) 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.

(ii) 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

laundrying 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.

(jj) 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.

(kk) 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.

(ll) 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. Since the time of the initial filing of the Registration Statement with 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.

(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 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.A. 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.

B. Representations and Warranties of the Selling Stockholders. Each Selling Stockholder represents, warrants and covenants to each Underwriter, severally and not jointly, as follows:

(a) The Underwriting Agreement. This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder.

(b) The Custody Agreement and Power of Attorney. Each of (i) the Custody Agreement signed by such Selling Stockholder and [—], as custodian (the “**Custodian**”), relating to the deposit of the Offered Shares to be sold by such Selling Stockholder (the “**Custody Agreement**”) and (ii) the Power of Attorney appointing certain individuals named therein as such Selling Stockholder’s attorneys-in-fact (each, an “**Attorney-in-Fact**”) to the extent set forth therein relating to the transactions contemplated hereby and by the Prospectus (the “**Power of Attorney**”), of such Selling Stockholder has been duly authorized, executed and delivered by such Selling Stockholder and is a valid and binding agreement of such Selling Stockholder, enforceable in accordance with its terms, except as rights to indemnification thereunder may be limited by applicable law and except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(c) Title to Offered Shares to be Sold. Such Selling Stockholder has, and on the First Closing Date and each applicable Option Closing Date (as defined below) will have, good and valid title to all of the Offered Shares subject to sale by such Selling Stockholder pursuant to this Agreement on such date and the legal right and power to sell, transfer and deliver all of the Offered Shares which may be sold by such Selling Stockholder pursuant to this Agreement and to comply with its other obligations hereunder.

(d) Delivery of the Offered Shares to be Sold. Delivery of the Offered Shares to be sold by such Selling Stockholder pursuant to this Agreement will pass good and valid title to such Offered Shares, free and clear of any security interest, mortgage, pledge, lien, encumbrance or other adverse claim.

(e) Non-Contravention; No Further Authorizations or Approvals Required. The execution and delivery by such Selling Stockholder of, and the performance by such Selling Stockholder of its obligations under, this Agreement, the Custody Agreement and the Power of Attorney will not contravene or conflict with, result in a breach of, or constitute a Default under, or require the consent of any other party to, the charter or by-laws, partnership agreement, trust agreement or other organizational documents of such Selling Stockholder or any other agreement or instrument to which such Selling Stockholder is a party or by which it is bound or under which it is entitled to any right or benefit, any provision of applicable law or any judgment, order, decree or regulation applicable to such Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over such Selling Stockholder. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental authority or agency, is required for the consummation by such Selling Stockholder of the transactions contemplated in this Agreement, except such as may be required under the Securities Act, applicable state securities or blue sky laws and from the FINRA.

(f) No Registration, Pre-emptive, Co-Sale or Other Similar Rights. Such Selling Stockholder: (i) does not have any registration or other similar rights to have any securities registered for sale by the Company under the Registration Statement or included in the offering contemplated by this Agreement, except for such rights as are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus under “Shares Eligible for Future Sale;” and (ii) does not have any preemptive right, co-sale right, right of first refusal or other similar right to purchase any of the Offered Shares that are to be sold by any of the other Selling Stockholders to the Underwriters pursuant to this Agreement, except for such rights as such Selling Stockholder has waived prior to the date hereof and are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(g) No Further Consents, etc. Except for such consents, approvals and waivers as have been obtained by such Selling Stockholder on or prior to the date of this Agreement, no consent, approval or waiver is required under any instrument or agreement to which such Selling Stockholder is a party or by which it is bound or under which it is entitled to any right or benefit, in connection with the offering, sale or purchase by the Underwriters of any of the Offered Shares which may be sold by such Selling Stockholder under this Agreement or the consummation by such Selling Stockholder of any of the other transactions contemplated hereby.

(h) Disclosure Made by Such Selling Stockholder in the Prospectus. All information furnished to the Company or any Underwriter by or on behalf of such Selling Stockholder in writing expressly for use in the Registration Statement, the Time of Sale Prospectus or the Prospectus is, and on the First Closing Date and each applicable Option Closing Date will be, true, correct, and complete in all material respects, and did not, as of the Applicable Time, and on the First Closing Date and each applicable Option Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make such information not misleading; it being understood and agreed that the only such information furnished to the Company by such Selling Stockholder contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus is the description of such Selling Stockholder and the number of shares held by such Selling Stockholder, in each case, as described under the heading “Principal and Selling Stockholder” (the “**Selling Stockholder Information**”). Such Selling Stockholder confirms as accurate the number of Shares set forth opposite such Selling Stockholder’s name in the Registration Statement, the Time of Sale Prospectus and the Prospectus under the caption “Principal and Selling Stockholders” (both prior to and after giving effect to the sale of the Offered Shares).

(i) No Material Information. Such Selling Stockholder is not prompted to sell the Offered Shares by any material information concerning the Company which is not set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(j) No Price Stabilization or Manipulation; Compliance with Regulation M. Such Selling Stockholder has not 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 any reference security, whether to facilitate the sale or resale of the Offered Shares or otherwise, and has taken no action which would directly or indirectly violate any provision of Regulation M.

(k) Transfer Taxes. At the time of purchase and each additional time of purchase, all stock transfer or other taxes (other than income taxes), if any, that are required to be paid in connection with the sale and transfer of the Shares to be sold by such Selling Stockholder to the several Underwriters hereunder will be fully paid or provided for by such Selling Stockholder, and all laws imposing such taxes will be fully complied with.

(l) Distribution of Offering Materials by the Selling Stockholders. Prior to the later of (i) the expiration or termination of the option granted to the several Underwriters under Section 2 and (ii) the completion of the Underwriters’ distribution of the Offered Shares, such Selling Stockholder 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 Preliminary Prospectus, the free writing prospectus(es) listed on Schedule C and the Prospectus.

(m) OFAC. Such Selling Stockholder is not currently subject to any Sanctions and 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 any person currently 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.

Any certificate signed by such Selling Stockholder and delivered to any Underwriter or to counsel for the Underwriters shall be deemed a representation and warranty by such Selling Stockholder to each Underwriter as to the matters covered thereby.

Such Selling Stockholder has a reasonable basis for making each of the representations set forth in this Section 1.B. Such Selling Stockholder acknowledges that the Underwriters and, for purposes of the opinion to be delivered pursuant to Section 6 hereof, counsel to the Selling Stockholder 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 Selling Stockholders agree to sell to the several Underwriters an aggregate of [—] Firm Shares, with each Selling Stockholder selling the number of Firm Shares set forth opposite such Selling Stockholder's name on Schedule A. 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 Selling Stockholders the respective number of Firm Shares set forth opposite their names on Schedule B. The purchase price per Firm Share to be paid by the several Underwriters to the Selling Stockholders shall be \$[—] 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 [—], or such other time and date not later than 1:30 p.m. New York City time, on [—] 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 and the Selling Stockholders hereby acknowledge 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, the Selling Stockholders 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 and Section 19.

(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 Selling Stockholders, hereby grant an option to the several Underwriters to purchase, severally and not jointly, up to an aggregate of 900,000 Optional Shares from the Selling Stockholders 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 Selling Stockholders (with a copy 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, (a) 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 B opposite the name of such Underwriter bears to the total number of Firm Shares and (b) each Selling Stockholder agrees, severally and not jointly, to sell the number of Optional Shares (subject to such adjustments to eliminate fractional shares as the Representative may determine) that bears the same proportion to the total number of Optional Shares to be sold as the number of Optional Shares set forth in Schedule A opposite the name of such Selling Stockholder bears to the total number of Optional Shares. The Representatives may cancel the option at any time prior to its expiration by giving written notice of such cancellation to the Selling Stockholders (with a copy to the Company).

(d) Public Offering of the Offered Shares. The Representatives hereby advise the Company and the Selling Stockholders 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 Custodian.

(i) 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.

(ii) Each Selling Stockholder hereby agrees that (i) it will pay all stock transfer taxes, stamp duties and other similar taxes, if any, payable upon the sale or delivery of the Offered Shares to be sold by such Selling Stockholder to, and the resale of the Offered Shares by, the several Underwriters, or otherwise in connection with the performance of such Selling Stockholder's obligations hereunder and under the Custody Agreement and (ii) the Custodian is authorized to deduct for such payment any such amounts from the proceeds to such Selling Stockholder hereunder and to hold such amounts for the account of such Selling Stockholder with the Custodian under the Custody Agreement.

(f) Delivery of the Offered Shares. The Selling Stockholders 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 Selling Stockholders 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.

A. Covenants of the Company. 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.A(b) and Section 3.A(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.A(b) and Section 3.A(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.A(b) or Section 3.A(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) Transfer Agent. The Company shall engage and maintain, at its expense, a registrar and transfer agent for the Shares.

(j) 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.

(k) 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.

(l) Listing. The Company will use its best efforts to maintain the inclusion and quotation of the Offered Shares on the NASDAQ Global Select Market.

(m) 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.

(n) Agreement Not to Offer or Sell Additional Shares. During the period commencing on and including the date hereof and continuing through and including the 90th 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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(k) hereof.

(s) 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.

(t) 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.

(u) 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).

B. Covenants of the Selling Stockholders. Each Selling Stockholder further covenants and agrees with each Underwriter:

(a) Agreement Not to Offer or Sell Additional Shares. Such Selling Stockholder has duly executed and delivered to Jefferies and Morgan Stanley a lock-up agreement in the form of Exhibit A hereto.

(b) No Stabilization or Manipulation; Compliance with Regulation M. Such Selling Stockholder will not 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 such Selling Stockholder will, and shall cause each of its affiliates to, comply with all applicable provisions of Regulation M.

(c) Notification. Such Selling Stockholder will advise you promptly, and if requested by you, will confirm such advice in writing, 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), of any change in Selling Stockholder Information in the Registration Statement, the Time of Sale Prospectus and the Prospectus, relating to such Selling Stockholder.

(d) Delivery of Forms W-8 and W-9. To deliver to the Representatives prior to the First Closing Date a properly completed and executed United States Treasury Department Form W-8 (if the Selling Stockholder is a non-United States person) or Form W-9 (if the Selling Stockholder is a United States Person).

The Representatives, on behalf of the several Underwriters, may, in their sole discretion, waive in writing the performance by the Company or any Selling Stockholder 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 delivery of the Offered Shares, (ii) all fees and expenses of the registrar and transfer agent of the Shares, (iii) all fees and expenses of the Custodian and the Attorneys-in-Fact, (iv) all fees and expenses of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Company and the Selling Stockholders, 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.

The Selling Stockholders agree with each Underwriter to pay (directly or by reimbursement) all fees and expenses incident to the performance of their obligations under this Agreement that are not otherwise specifically provided for herein or covered by the Company pursuant to this Section 4, including but not limited to necessary transfer and other stamp taxes in connection with the sale and delivery of the Offered Shares to be sold by such Selling Stockholders to, and the resale of the Offered Shares by, the Underwriters hereunder (which taxes, if any, may be deducted by the Custodian under the provisions of Section 2 of this Agreement).

This Section 4 shall not affect or modify any separate, valid agreement relating to the allocation of payment of expenses between the Company, on the one hand, and the Selling Stockholders, on the other hand.

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 and the Selling Stockholders 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 and the Selling Stockholders of their respective 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.A 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) Opinion of Counsel for the Selling Stockholders. 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 Selling Stockholders, dated as of such date, in form and substance reasonably satisfactory to the Representatives and previously agreed upon with counsel to the Representatives.

(i) Selling Stockholder's Certificate. On each of the First Closing Date and each Option Closing Date, the Representatives shall receive a written certificate executed by Trimaran Pollo Partners, L.L.C., dated as of such date, to the effect that (i) the representations, warranties and covenants of Trimaran Pollo Partners, L.L.C. set forth in Section 1.B of this Agreement are true and correct with the same force and effect as though expressly made by Trimaran Pollo Partners, L.L.C. on and as of such date; and (ii) Trimaran Pollo Partners, L.L.C. has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such date.

(j) Selling Stockholders' Documents. On the date hereof, the Selling Stockholders shall have furnished for review by the Representatives copies of the Powers of Attorney and Custody Agreements executed by each of the Selling Stockholders and such further information, certificates and documents as the Representatives may reasonably request.

(k) 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 Selling Stockholders and 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.

(l) 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.

(m) 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.

(n) 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 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 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 and the Selling Stockholders 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 or the Selling Stockholders 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 by the Company. 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 the 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(c) 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 Underwriters by the Selling Stockholders. The Selling Stockholders agree 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 Selling Stockholders), 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; 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, any such preliminary prospectus, the Time of Sale Prospectus, any such 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 such amendment or supplement thereto), in reliance upon and in conformity with the information relating to such Selling Stockholder furnished to the Company by such Selling Stockholder in writing expressly for use therein, and, subject to the limitations set forth above in this Section 9(b), 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 no Selling Stockholder shall be responsible, pursuant to this Section 9(b), for losses, damages, expenses, liabilities or claims for an amount in excess of its respective net proceeds (after deducting underwriting commissions and discounts but before deducting offering expenses) from the Shares sold by such Selling Stockholder to the Underwriters pursuant hereto. Each Underwriter hereby acknowledges that the only information that each Selling Stockholder has 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) consists of the

Selling Stockholder Information relating to such Selling Stockholder. The obligations of the Selling Stockholders set forth in this Section 9(b) shall be several and not joint. The indemnity agreement in this Section 9(b) shall be in addition to any liabilities that the Selling Stockholders may otherwise have.

(c) Indemnification of the Company, its Directors and Officers and the Selling Stockholders. 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, the Selling Stockholders and each person, if any, who controls the Company or any Selling Stockholder 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, Selling Stockholder 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, Selling Stockholder 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, Selling Stockholder or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. The Company and each of the Selling Stockholders hereby acknowledge 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.

(d) 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) and (b) above) or by the Company (in the case of counsel for the indemnified parties referred to in Section 9(c) 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.

(e) 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(d) 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 and the Selling Stockholders, 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 and the Selling Stockholders, 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 and the Selling Stockholders, 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 each Selling Stockholder, respectively, 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 offering price of the Offered Shares as set forth on such cover. The relative fault of the Company and the Selling Stockholders, 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 or the Selling Stockholders, 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(d), 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(d) for purposes of indemnification.

The Company, the Selling Stockholders 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 B. 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 and the Selling Stockholders 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 B 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 and the Selling Stockholders 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 or the Selling Stockholders to any Underwriter, except that the Company and the Selling Stockholders 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 or the Selling Stockholders; *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 and each of the Selling Stockholders acknowledge and agree 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 and the Selling Stockholders, 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 the Selling Stockholders, or the Company's 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 or the Selling Stockholders 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 or the Selling Stockholders on other matters) and no Underwriter has any obligation to the Company or the Selling Stockholders 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 the Selling Stockholders, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company and Selling Stockholders have consulted their 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, of the Selling Stockholders 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, or the Selling Stockholders, 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 or the Selling Stockholders:

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: Andrea Nicolas

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. Failure of One or More of the Selling Stockholders to Sell and Deliver Offered Shares. If one or more of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Offered Shares to be sold and delivered by such Selling Stockholders at the First Closing Date pursuant to this Agreement, then the Underwriters may at their option, by written notice from the Representatives to the Company and the Selling Stockholders, either (i) terminate this Agreement without any liability on the part of any Underwriter or, except as provided in Section 4, Section 7, Section 9 and Section 10 hereof, the Company or the other Selling Stockholders, or (ii) purchase the shares which the other Selling Stockholders have agreed to sell and deliver in accordance with the terms hereof. If one or more of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Offered Shares to be sold and delivered by such Selling Stockholders pursuant to this Agreement at the First Closing Date or the applicable Option Closing Date, then the Underwriters shall have the right, by written

notice from the Representatives to the Company and the Selling Stockholders, 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.

Section 20. 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: _____

Name:

Title:

[Signature page to Underwriting Agreement]

ON BEHALF OF THE SELLING STOCKHOLDERS.

By: _____
As Attorney-in-fact

Name:

By: _____
As Attorney-in-fact

Name:

[Signature page to Underwriting Agreement]

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 B.

JEFFERIES LLC

By: _____
Name:
Title:

MORGAN STANLEY & CO. LLC

By: _____
Name:
Title:

[Signature page to Underwriting Agreement]

<u>Selling Stockholders</u>	<u>Number of Firm Shares to be Sold</u>	<u>Maximum Number of Optional Shares to be Sold</u>
Total:	<u>6,000,000</u>	<u>900,000</u>

Underwriters	Number of Firm Shares to be Purchased
Jefferies LLC	[—]
Morgan Stanley & Co. LLC	[—]
Robert W. Baird & Co. Incorporated	[—]
William Blair & Company, L.L.C.	[—]
Stifel, Nicolaus & Company, Incorporated	[—]
Total	<u>6,000,000</u>

Free Writing Prospectuses Included in the Time of Sale Prospectus

None.

Permitted Section 5(d) Communications

None.

Form of Lock-up Agreement

[—]

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, the selling stockholders named in the Underwriting Agreement (the “**Selling Stockholders**”) 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 and the Selling Stockholders 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.

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.

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, the Selling Stockholders 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 February 15, 2015, (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 90 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.

Directors, Officers and Others
Signing Lock-up Agreement

Directors:

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

Officers:

Laurance Roberts
Kay Bogeajis
Edward Valle

Others:

Trimaran Pollo Partners, L.L.C.
Patsy Etsis
Judith Fine
Heather Gardea
Robert Gossman
Mark Hardison
Mark Landouw
Yvonne Mackay
Dan Milojevich
Carlos Ortiz
Gus Siade
Douglas Soller
Michael Wildman

- 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

Form of CFO Certificate

El Pollo Loco Holdings, Inc.

Chief Financial Officer's Certificate

[—]

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 [—] by and among the Company and Jefferies LLC and Morgan Stanley & Co. LLC, as Representatives of the several Underwriters named in Schedule B thereto (the "Underwriters"), as described in the registration statement (No. 333-[—]) 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]

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

By: _____

Name: Laurance Roberts

Title: Chief Financial Officer

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Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036

November 17, 2014

El Pollo Loco Holdings, Inc.
3535 Harbor Blvd., Suite 100
Costa Mesa, CA 92626

Re: El Pollo Loco Holdings, Inc.
Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as special counsel to El Pollo Loco Holdings, Inc., a Delaware corporation (the “Company”), in connection with the public offering by the selling stockholders identified on Schedule A hereto (the “Selling Stockholders”) of 6,000,000 shares (the “Firm Shares”) of the Company’s common stock, par value \$0.01 per share (“Common Stock”), and up to an additional 900,000 shares of Common Stock (the “Option Shares”) that may be sold pursuant to the option granted to the underwriters to purchase additional shares of Common Stock, pursuant to the Registration Statement (as defined below). The Firm Shares and the Option Shares are collectively referred to herein as the “Shares.”

This opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K of the General Rules and Regulations under the Securities Act of 1933 (the “Act”).

In rendering the opinion stated herein, we have examined and relied upon the following: (a) the Company’s Registration Statement on Form S-1 (File No. 333-200075) relating to the Common Stock and other securities of the Company filed with the Securities and Exchange Commission (the “Commission”) on November 10, 2014 under the Act (such Registration Statement being hereinafter referred to as the “Registration Statement”); (b) the Certificate of Incorporation of the Company, as amended to date and currently in effect; (c) the By-Laws of the Company, as amended to date and currently in effect; and (d) certain resolutions of the Board of Directors of the Company relating to the issuance of the Shares to the Selling Stockholders and related matters. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and such agreements, certificates and receipts of public officials, certificates of officers or other representatives of the Company and others, and such other documents as we have deemed necessary or appropriate as a basis for the opinion stated below.

In our examination, we have assumed the genuineness of all signatures including endorsements, the legal capacity and competency of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies, and the authenticity of the originals of such copies. In making our examination of executed documents, we have assumed that the parties thereto, other than the Company, had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and the execution and delivery by such parties of such documents and the validity and binding effect thereof on such parties. As to any facts relevant to the opinion stated herein that we did not independently establish or verify, we have relied upon statements and representations of officers and other representatives of the Company and others and of public officials.

We do not express any opinion as to the laws of any jurisdiction other than the corporate laws of the State of Delaware, and we do not express any opinion as to the effect of any other laws on the opinion stated herein.

Based upon the foregoing and subject to the qualifications and assumptions stated herein, we are of the opinion that the Shares were validly issued and are fully paid and nonassessable.

In rendering the opinion set forth in the preceding paragraph, we have assumed that the consideration recited in the resolutions of the Board of Directors of the Company approving the issuance of the Shares has been received in full by the Company.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. We also consent to the reference to our firm under the caption "Legal Matters" in the Registration Statement. In giving this consent, we do not thereby admit that we are included in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission. This opinion is expressed as of the date hereof, and we disclaim any undertaking to advise you of any subsequent changes in the facts stated or assumed herein or of any subsequent changes in applicable laws.

Very truly yours,

/s/ Skadden, Arps, Slate, Meagher & Flom LLP

Schedule A

Selling Stockholders

Trimaran Pollo Partners, LLC

Mark Landouw

Stephen Sather

Edward Valle

Kay Bogeajis

Laurance Roberts

Mark Hardison

Doug Ammerman

Gus Siade

Douglas Soller

Heather Gardea

Sam Borgese

Patsy Estis

Judith Fine

Carlos Ortiz

Dan Milojevich

Yvonne Mackay

Michael Wildman

Robert Gossman

Consent of Independent Registered Public Accounting Firm

El Pollo Loco Holdings, Inc.
Costa Mesa, California

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated April 25, 2014, except for Note 16 which is as of July 14, 2014, relating to the consolidated financial statements of El Pollo Loco Holdings, Inc., and of our report dated June 4, 2014, except for Note 4 which is as of July 14, 2014, relating to the schedule, which are contained in that Prospectus.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ BDO USA, LLP
Costa Mesa, California
November 17, 2014