

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  
El Pollo Loco Holdings, Inc.  
3535 Harbor Blvd., Suite 100  
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*(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)*

*(Copies of all communications, including communications sent to 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	Proposed Maximum Aggregate Offering Price (1) (2)	Amount of Registration Fee (1)
Common Stock, par value \$0.01 per share	\$	\$

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes offering price of shares of common stock that the underwriters have the option to purchase pursuant to their option to purchase additional shares.

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 in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 4, 2014

PRELIMINARY PROSPECTUS

Shares



El Pollo Loco Holdings, Inc.

Common Stock

We are offering shares of our common stock. This is our initial public offering and no public market currently exists for our common stock. We expect the public offering price to be between \$ and \$ per share. We intend to apply to have our common stock listed on the NASDAQ Global Select Market under the symbol "LOCO."

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 will be 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.

	<u>PER SHARE</u>	<u>TOTAL</u>
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to us before expenses	\$	\$

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

*Joint Book-Running Managers*

**Jefferies**

**Morgan Stanley**

**Baird**

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 have not, authorized anyone to give you any other information, and we and the underwriters take no responsibility for any other information that others may give you. We are not, and the underwriters 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 \_\_\_\_\_, 2014 (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., 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 March 26, 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.

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System-wide comparable restaurant sales include restaurant sales at all comparable company-operated restaurants 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.

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, excluding advertising costs and items that we do not consider representative of our ongoing operating performance. 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.

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 (i) an initial public offering price of \$        per share of common stock, which is the midpoint of the estimated range of the price set forth on the cover page of this prospectus and (ii) that the underwriters will not exercise their overallotment option.

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.

### **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 fresh, citrus-marinated chicken in front of our customers. We operate within the fastest growing segment of the restaurant industry, the limited service restaurants (“LSRs”) segment. 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 fresh chicken over open flames, hand slice avocados and make our salsas, guacamole and cilantro dressings from scratch. The open design of our kitchens reveals our authentic cooking process and allow 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 higher quality and 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.

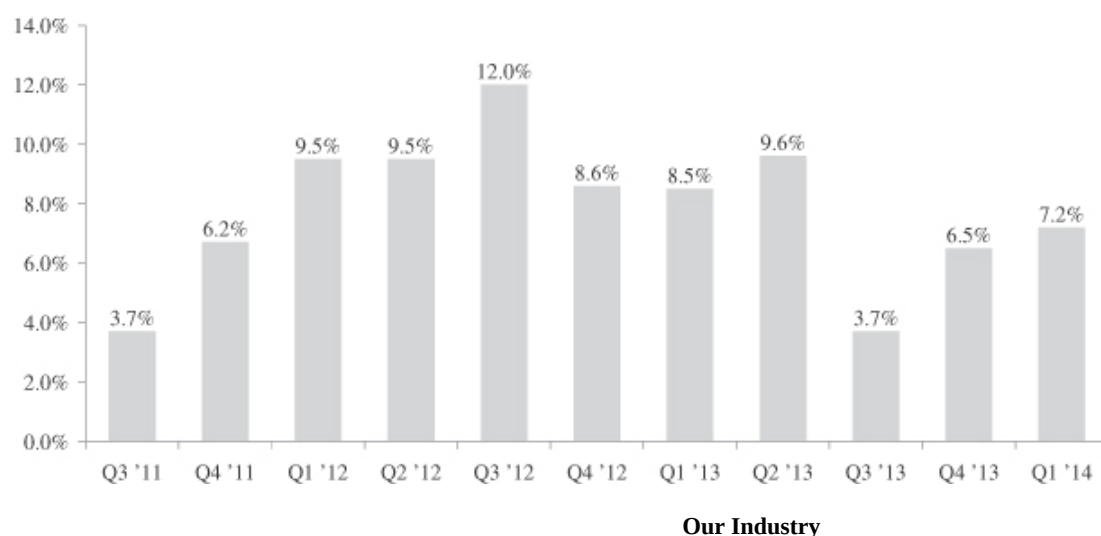
El Pollo Loco is Spanish for “The Crazy Chicken.” We opened our first location on Alvarado Street in Los Angeles, California in 1980, and have grown our restaurant system to 401 restaurants, comprised of 168 company-operated and 233 franchised restaurants as of March 26, 2014. Our restaurants are located 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 system-wide sales of \$657.6 million and \$172.0 million for the year ended December 25, 2013 and the thirteen weeks ended March 26, 2014, respectively.

We believe the quality of our food and dining experience and the compelling value proposition we offer our customers creates a distinct competitive advantage that drives our operating results, as illustrated by the following:

- we achieved positive comparable restaurant sales growth in 11 consecutive quarters through our fiscal quarter ended March 26, 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 240 basis points to 25.1% and from March 27, 2013 to March 26, 2014, we increased our restaurant contribution margin for our company-operated restaurants by 160 basis points to 26.2%; 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  
11 Consecutive Quarters of Growth**



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 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 fresh 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.

*Authentic, Fresh-Made “Crazy You Can Taste” Fire-Grilled Chicken and Entrees.* Our signature product is our fresh 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 higher-quality and healthier alternative to traditional food on-the-go. Our entrees are prepared using fresh ingredients in recipes inspired by authentic Mexican cuisine. Approximately 80% of our menu items are prepared from scratch and made fresh throughout the day. We hand-chop our vegetables daily to give our salsas, guacamole and cilantro dressing a fresh and delicious taste. 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.

*Warm and Inviting Experience That Welcomes Our Customers.* We believe our new Hacienda restaurant design creates a warm and 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 our team members and our customers share our energy and passion for our concept. We believe our customers have come to expect not only great food from our restaurants, but also great service. 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' need for good food and good service is the foundation of our business. 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 Industry-Leading AUVs and Attractive Restaurant-Level Economics One Chicken at a Time.* We believe our differentiated QSR+ positioning drives restaurant operating results that are among the highest in the fast-casual and QSR industry segments. 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 25.1%.

*Experienced and Passionate 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 11 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 attractive 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 401 current locations in five states, as of March 26, 2014, and we have significant opportunities to expand in existing

and new markets. 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 eight to 10 new company-operated and four to six new franchise restaurants across California, Nevada and Texas. 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.

To date, we have achieved attractive average restaurant unit volumes and cash-on-cash returns for new company-operated restaurants. We did not open any new restaurants in 2011, but opened four in 2012 and two in 2013. We closed three restaurants in 2013 and six restaurants in 2011 and did not close any restaurants in 2012. For the period from December 26, 2013, through March 26, 2014, these new restaurants had weekly AUVs averaging \$34,900 and annualized cash-on-cash returns of over 40%. While most of our growth in 2014 will be 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. 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 270 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 there are additional development opportunities beyond this. We expect to open our first location in Houston in 2014.

*Increase Our Comparable Restaurant Sales.* Our system has experienced 11 straight quarters of comparable restaurant sales growth through our fiscal quarter ended March 26, 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 be innovative with 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 7% 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 152 restaurants as of March 26, 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 350 basis points, to 26.2%. 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.

### **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.elpollo.com](http://www.elpollo.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:

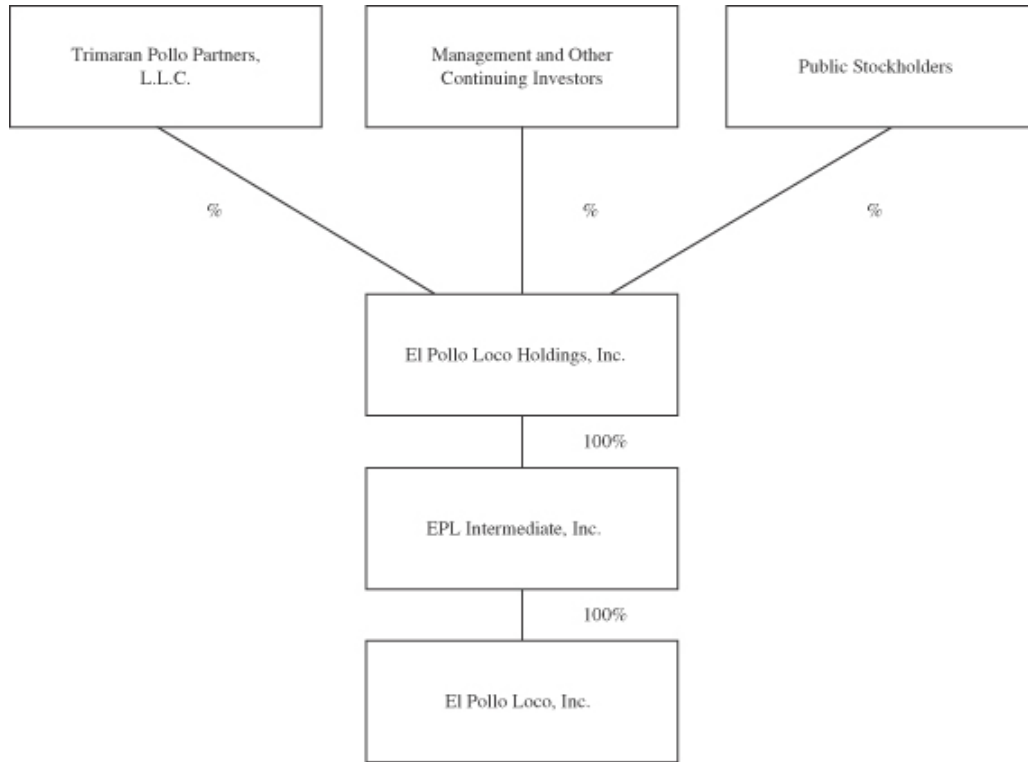
- we may present only two years of audited financial statements and only two years of related disclosure in our “Management’s Discussion and Analysis of Financial Condition and Results of Operations”;
- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment 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:



**Our Sponsors**

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 % of our outstanding common stock, or % 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 % of our outstanding common stock, or % if the underwriters fully exercise their option to purchase additional shares.

## The Offering

<b>Issuer</b>	El Pollo Loco Holdings, Inc.
<b>Shares of common stock we are offering</b>	_____ shares (or _____ shares if the underwriters exercise their option to purchase additional shares in full)
<b>Option to purchase additional shares</b>	We have granted the underwriters an option for a period of 30 days to purchase up to _____ additional shares of common stock.
<b>Shares of common stock to be issued and outstanding after this offering</b>	_____ shares (or _____ shares if the underwriters exercise their option to purchase additional shares in full)
<b>Use of proceeds</b>	We estimate that the net proceeds to us from the sale of shares in this offering, after deducting estimated underwriting discounts and estimated offering expenses payable by us, will be approximately \$ _____ million (assuming the shares are offered at \$ _____ per share, which is the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus). We intend to use the net proceeds from this offering to repay in whole or in part our existing Second Lien Term Loan Facility. See “Use of Proceeds.”
<b>Conflicts</b>	Because an affiliate of Jefferies LLC is a lender under our Second Lien Term Loan Facility (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” below) and will receive more than 5% of the net proceeds of this offering due to the repayment of borrowings under our Second Lien Term Loan Facility, Jefferies LLC is deemed to have a conflict of interest within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Accordingly, this offering will be conducted in accordance with Rule 5121, which requires, among other things, that a “qualified independent underwriter” participate in the preparation of, and exercise the usual standards of “due diligence” with respect to, the registration statement and this prospectus. _____ has agreed to act as a qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended (the “Securities Act”), specifically including those inherent in Section 11 thereof. _____ will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to

indemnify against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. See “Underwriting—Conflicts of Interest.”

**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, 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.”

**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.

**Expected 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 shares of our common stock issued and outstanding as of , 2014, and excludes additional shares reserved for issuance under our equity incentive plans.

Except as otherwise indicated, all information in this prospectus:

- assumes an initial public offering price of \$ per share, the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus; and
- assumes no exercise by the underwriters of their option to purchase additional shares of our common stock from us.

### 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 thirteen weeks ended March 26, 2014 and March 27, 2013 and the consolidated balance sheet data as of March 26, 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.

	Thirteen Weeks Ended		Fiscal Year Ended(1)		
	March 26, 2014	March 27, 2013	2013	2012	2011
(Amounts in thousands, except per share data)					
<b>Statement of Operations Data:</b>					
Revenue					
Company-operated restaurant revenue	\$ 76,213	\$ 72,069	\$ 294,327	\$ 274,928	\$ 255,361
Franchise revenue	5,214	4,926	20,400	18,682	17,877
<b>Total revenue</b>	<b>81,427</b>	<b>76,995</b>	<b>314,727</b>	<b>293,610</b>	<b>273,238</b>
Cost of operations					
Food and paper costs	24,023	22,696	93,589	85,428	78,873
Labor and related expenses	19,313	19,070	75,669	73,406	69,584
Occupancy and other operating expenses	16,044	15,524	63,150	61,636	59,269
Company restaurant expenses	59,380	57,290	232,408	220,470	207,726
General and administrative expenses	6,630	6,193	25,506	24,451	22,828
Franchise expenses	983	969	3,841	3,647	3,862
Depreciation and amortization	2,595	2,404	10,213	9,530	9,615
Loss on disposal of assets	276	190	868	966	197
Asset impairment and close-store reserves	53	65	(101)	1,494	2,014
<b>Total expenses</b>	<b>69,917</b>	<b>67,111</b>	<b>272,735</b>	<b>260,558</b>	<b>246,242</b>
Gain on disposal of restaurant	—	—	400	—	—
Income from operations	11,510	9,884	42,392	33,052	26,996
Interest expense, net	5,623	9,780	36,334	38,890	37,715
Loss on early extinguishment of debt	—	—	21,530	—	20,173
Income (loss) before provision for income taxes	5,887	104	(15,472)	(5,838)	(30,892)
Provision for income taxes	(417)	(164)	(1,401)	(2,027)	(1,579)
<b>Net income (loss)</b>	<b>\$ 5,470</b>	<b>\$ (60)</b>	<b>\$ (16,873)</b>	<b>\$ (7,865)</b>	<b>\$ (32,471)</b>
<b>Per Share Data:</b>					
Net income (loss) per share					
Basic	\$ 1.63	\$ (0.02)	\$ (5.03)	\$ (2.35)	\$ (11.54)
Diluted	\$ 1.55	\$ (0.02)	\$ (5.03)	\$ (2.35)	\$ (11.54)
Weighted average shares used in computing net income (loss) per share					
Basic	3,352,786	3,352,786	3,352,786	3,352,736	2,814,913
Diluted	3,531,878	3,352,786	3,352,786	3,352,736	2,814,913
<b>Pro Forma Per Share Data:</b>					
Pro forma net income per share <sup>(2)</sup>					
Basic	\$	\$	\$		
Diluted	\$	\$	\$		
Weighted average shares used in computing pro forma net income per share					
Basic					
Diluted					
<b>Consolidated Statement of Cash Flows Data:</b>					
Net cash provided by (used in) operating activities	\$ 7,582	\$ (3,076)	\$ 19,700	\$ 19,409	\$ 6,454
Net cash used in investing activities	(3,661)	(3,324)	(13,787)	(14,993)	(3,709)
Net cash used in financing activities	(539)	(479)	(10,385)	(1,920)	(6,469)

	As of March 26, 2014	
	Actual	Pro Forma As Adjusted(3)
<b>Balance Sheet Data—Consolidated (at period end):</b>		
Cash and cash equivalents	\$ 20,397	\$
Net property(4)	70,703	
Total assets	420,917	
Total debt(5)	288,796	
Total stockholders' equity	\$ 54,175	

	Thirteen Weeks Ended		Fiscal Year Ended(1)		
	March 26, 2014	March 27, 2013	2013	2012	2011
(Dollar amounts in thousands)					
<b>Other Operating Data:</b>					
Number of restaurants					
Company-operated	168	169	168	169	165
Franchised	233	229	233	229	229
System-wide	401	398	401	398	394
Comparable restaurant sales growth(6)					
Company-operated	5.4%	6.7%	5.3%	8.6%	1.9%
Franchised	8.3%	10.5%	8.8%	11.0%	0.8%
System-wide	7.2%	8.5%	7.0%	9.9%	1.3%
Company-operated average unit volumes	\$ 1,813	\$ 1,718	\$ 1,757	\$ 1,657	\$ 1,521
Restaurant contribution(7)	\$19,944	\$17,693	\$73,832	\$65,699	\$57,942
as a percentage of restaurant revenue	26.2%	24.6%	25.1%	23.9%	22.7%
EBITDA(8)	\$14,105	\$12,288	\$31,075	\$42,582	\$16,438
Adjusted EBITDA(8)	\$14,869	\$12,887	\$55,019	\$46,834	\$39,536
as a percentage of revenue	18.3%	16.7%	17.5%	16.0%	14.5%
Capital expenditures(9)	\$ 3,661	\$ 3,324	\$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) Pro forma per share data give effect to the 2013 Refinancing (as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Highlights and Trends—2013 Refinancing"), to this offering and to the use of proceeds from this offering as described in "Use of Proceeds," assuming the shares offered by us are sold for \$ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and estimated offering expenses payable by us, as if each of these events occurred on December 27, 2012. Basic and diluted pro forma net income per share consists of pro forma net income divided by the basic and diluted pro forma weighted average number of shares of common stock outstanding.

Pro forma net income per share reflects: (i) the elimination of fees payable under the management agreement between us and affiliates of our sponsors and (ii) the net decrease in interest expense resulting from our intended repayment of debt under our Second Lien Term Loan Facility as described in "Use of Proceeds." Interest expense is calculated as though we had engaged in the 2013 Refinancing on December 27, 2012, while also repaying the debt under our Second Lien Term Loan Facility on the same date.

Pro forma net income per share does not reflect (i) the write-off of deferred financing fees of \$ million in connection with the use of the proceeds from this offering or (ii) increased compensation for our board of directors and other costs related to operating as a public company.

For information about our management agreement, see "Certain Relationships and Related Party Transactions—Monitoring and Management Services Agreement."

The following is a reconciliation of historical net income (loss) to pro forma net income for fiscal 2013 and for the thirteen weeks ended March 26, 2014:

	Thirteen Weeks Ended March 26, 2014	Fiscal Year Ended 2013
(Amounts in thousands)		
Net income (loss) as reported	\$ 5,470	\$ (16,873)
Management fees and expenses	158	624
Decrease in interest expense(a)	2,525	24,170
Pro forma net income	\$ 8,153	\$ 7,921

(a) Reflects the net decrease in interest expense resulting from (i) the 2013 Refinancing and (ii) our intended repayment of debt under our Second Lien Term Loan Facility, both as if transacted on December 27, 2012.



The following is a reconciliation of historical to pro forma interest expense for fiscal 2013 and for the thirteen weeks ended March 26, 2014:

	<b>Thirteen Weeks Ended</b>		<b>Fiscal Year Ended</b>	
	<b>March 26, 2014</b>		<b>2013</b>	
	<b>(Amounts in thousands)</b>			
Interest expense, net, as reported	\$	5,623	\$	36,334
Decrease attributable to the 2013 Refinancing(a)		—		14,132
Decrease attributable to this offering(b)		2,525		10,038
Pro forma interest expense, net	\$	3,098	\$	12,164

- (a) Reflects the decrease in interest expense resulting from the 2013 Refinancing, pro-rated for fiscal 2013 from the \$17.8 million described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Highlights and Trends—2013 Refinancing” because our historical results of operations include interest savings subsequent to the occurrence of the 2013 Refinancing on October 11, 2013. Because of the 2013 Refinancing (assuming no balances drawn on any revolving credit facility), our average outstanding debt increased from approximately \$279 million to approximately \$288 million in fiscal 2013 and in the thirteen weeks ended March 26, 2014 and our weighted average interest rate, assuming an average applicable London Interbank Offered Rate (“LIBOR”) in fiscal 2013 and in the thirteen weeks ended March 26, 2014 of less than our interest rate floor of 1%, and including amortized discounts and fees, decreased from 13.9% to 7.4%.
- (b) Reflects the decrease in interest expense resulting from the full repayment of \$100 million of debt under our Second Lien Term Loan Facility with the proceeds of this offering, at an assumed average interest rate of 10.1%, which includes amortized discounts and estimated amortized banking fees. See “Use of Proceeds.”
- (3) Pro forma balance sheet data as of March 26, 2014 give effect to this offering and the use of proceeds therefrom as described in “Use of Proceeds,” as if this offering had been consummated on March 26, 2014, and assume that the shares offered by us are sold for \$ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and estimated offering expenses payable by us.
- A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, total assets and total stockholders’ equity by \$ , \$ and \$ , respectively, assuming the number of shares offered by us as stated on the cover page of this prospectus remains unchanged and after deducting the estimated underwriting discounts and estimated offering expenses payable by us. Similarly, a one million share increase (decrease) in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, total assets and total stockholders’ equity by \$ , \$ and \$ , respectively, assuming the assumed initial public offering price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus) remains the same, and after deducting the estimated underwriting discounts and estimated offering expenses payable by us.
- (4) Net property consists of property owned, net of accumulated depreciation and amortization.
- (5) Total debt consists of borrowings under our First Lien Credit Agreement and Second Lien Credit Agreement (each 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” below and, collectively, our “senior secured credit facilities”) and capital lease obligations.
- (6) 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.
- (7) 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, excluding advertising costs and items that we do not consider representative of our ongoing operating performance, as identified in the reconciliation table below. 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:

	<b>Thirteen Weeks Ended</b>		<b>Fiscal Year Ended</b>		
	<b>March 26, 2014</b>	<b>March 27, 2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>(Amounts in thousands)</b>				
<b>Company-operated restaurant revenue</b>	\$ 76,213	\$ 72,069	\$ 294,327	\$ 274,928	\$ 255,361
Company restaurant expenses	(59,380)	(57,290)	(232,408)	(220,470)	(207,726)
Advertising expenses	3,111	2,914	11,913	11,241	10,307
<b>Restaurant contribution</b>	\$ 19,944	\$ 17,693	\$ 73,832	\$ 65,699	\$ 57,942

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

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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):

	Thirteen Weeks Ended		Fiscal Year Ended		
	March 26, 2014	March 27, 2013	2013	2012	2011
	(Amounts in thousands)				
<b>Net income (loss)</b>	\$ 5,470	\$ (60)	\$ (16,873)	\$ (7,865)	\$ (32,471)
Non-GAAP adjustments:					
Provision for income taxes	417	164	1,401	2,027	1,579
Interest expense, net	5,623	9,780	36,334	38,890	37,715
Depreciation and amortization	2,595	2,404	10,213	9,530	9,615
<b>EBITDA</b>	\$ 14,105	\$ 12,288	\$ 31,075	\$ 42,582	\$ 16,438
Stock based compensation expense(a)	169	85	822	860	40
Management fees(b)	158	155	624	612	674
Loss on disposal of assets(c)	276	190	868	966	197
Impairment and closures(d)	53	65	(101)	1,494	2,014
Debt extinguishment expense(e)	—	—	21,530	—	20,173
Pre-opening costs(f)	108	104	201	320	—
<b>Adjusted EBITDA</b>	\$ 14,869	\$ 12,887	\$ 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 our sponsors.

(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.

(f) 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.

(9) 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 December 2013, unemployment in California was 8.3% compared to the U.S. unemployment rate of 6.7%. 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 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

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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 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 eight to 10 new restaurants in fiscal 2014. Our franchisees opened five new restaurants in fiscal 2013 and plan to open an estimated four to six new restaurants 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.

At the end of fiscal 2009, we had 21 system-wide restaurants open east of the Rockies. However, all of these restaurants have now been closed due to low sales. 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.

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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 thirteen weeks of fiscal 2014 and in fiscal 2013, fiscal 2012 and fiscal 2011, the cost of chicken included in our product cost was approximately 12.5%, 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 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. 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.

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***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

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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 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 March 26, 2014, our total debt was approximately \$288.8 million (including capital lease obligations), which represented approximately 84.2% 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 March 26, 2014, we had no other borrowings against our revolving credit facility. If this offering and the use of proceeds described herein had been completed on March 26, 2014, we would have had total debt of approximately \$ (including capital lease obligations), which would have represented approximately % of our total capitalization.

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 or issue preferred stock; (ii) create liens on assets; (iii) engage in mergers or consolidations; (iv) sell assets; (v) make investments, loans or advances; (vi) make certain acquisitions; (vii) engage in certain transactions with affiliates; (viii) authorize or pay dividends; and (ix) change 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.

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***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 March 26, 2014, we had executed development agreements that represent commitments to open eighteen franchised restaurants at various dates through 2018. Adverse economic and liquidity conditions have caused some franchisees to delay the opening of new restaurants under existing development agreements. As a result of these conditions, we estimate that as few as nine of those restaurants could actually open. Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that the franchisees we select will 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 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.



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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 sale of the second restaurant to a new owner is currently in progress. 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.

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 or increases in minimum wages or mandated benefits such as health insurance 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. 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, 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 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 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. The State of California

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(where most of our restaurants are located) has had a minimum wage of \$8.00 per hour since January 1, 2008, which is scheduled to rise to \$9.00 on July 1, 2014, and to \$10.00 on January 1, 2016. The federal minimum wage has been \$7.25 per hour since July 24, 2009. Either federally-mandated or state-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.

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 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 development agreements for new restaurants that we expect to open 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,

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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.

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

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- 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.”

### **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 % and %, respectively, of our outstanding common stock, or % and %, 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 will not be subject to all of the corporate governance rules of the NASDAQ Global Select Market (the “NASDAQ”).***

Upon the listing of our common stock on the NASDAQ in connection with this offering, we will be 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. Following this offering, we intend to use some or all of 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 shareholders 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 will 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 will be 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 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.

***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.

***The obligations associated with being a public company will require significant resources and management attention, which may divert management from our business operations.***

As a result of this offering, we will become 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”). The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. As a result, we will incur significant legal, accounting and other expenses that we did not previously incur.

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Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention away from implementing our business strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for our financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses. The effects of becoming public, including potential changes in our historical business practices, which focused on long-term growth instead of short-term gains, could adversely affect our culture.

***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 shareholder approval of any golden parachute payments not previously approved. We have not made a decision whether to take advantage of any or all of these exemptions. If we do take advantage of any of these exemptions, 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 also 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.

***There is no existing market for our common stock and an active trading market for our common stock may never develop or be sustained.***

Prior to this offering, there has not been a public market for our common stock or any of our equity interests. Although we intend to apply to list our common stock for trading on the NASDAQ, an active trading market for our



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common stock may not develop on that exchange or elsewhere or, if developed, that market may not be sustained. Accordingly, if an active trading market for our common stock does not develop or is not maintained, the liquidity of our common stock, your ability to sell your shares of common stock when desired and the prices that you may obtain for your shares of common stock will be adversely affected.

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

Even if an active trading market develops, the market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. The initial public offering price of our common stock will be determined by negotiation between us and the representatives of the underwriters based on a number of factors and may not be indicative of prices that will prevail in the open market following the completion of this offering. If the market price of our common stock declines significantly, you may be unable to resell your shares at or above your purchase price, if at all. The market price of our common stock may fluctuate or 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 after this offering;
- 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;
- 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 any such conditions and local conditions in the markets in which we conduct our operations.

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 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.***

After this offering, there will be \_\_\_\_\_ shares of common stock outstanding, or \_\_\_\_\_ shares outstanding if the underwriters exercise their option to purchase additional shares in full. 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 the offering, approximately \_\_\_\_\_ % and \_\_\_\_\_ % of our outstanding common stock, or \_\_\_\_\_ % and \_\_\_\_\_ % if the underwriters exercise their option to purchase additional shares in full, will be beneficially owned by Trimaran and Freeman Spogli, respectively, and can 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 and holders of substantially all our outstanding capital stock and other securities 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-(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 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 180th day after the date of this prospectus. 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 180-day period release all or any portion of the securities subject to lock-up agreements. See “Underwriting—No Sales of Similar Securities.”

The market price of our common stock may decline significantly when the restrictions on resale by our existing stockholders lapse. A decline in the price of our common stock might impede our ability to raise capital through the issuance of additional common stock or other equity securities.

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.”

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***The future issuance of additional common stock in connection with our incentive plans, 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 \_\_\_\_\_ shares of common stock authorized but unissued and not reserved for issuance under our incentive plans. 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 plans, the exercise of outstanding stock options or otherwise would dilute the percentage ownership held by the investors who purchase common stock in this offering.

***You will incur immediate dilution as a result of this offering.***

If you purchase common stock in this offering, you will pay more for your shares than the amounts paid by existing stockholders for their shares. As a result, you will incur immediate dilution of \$ \_\_\_\_\_ per share, representing the difference between the initial public offering price of \$ \_\_\_\_\_ per share and our as-adjusted net tangible book value per share after giving effect to this offering. See “Dilution.”

***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; and
- 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.

In addition, the documents governing certain of our senior secured credit facilities impose, and we anticipate documents governing our future indebtedness may impose, limitations on our ability to enter into change of control transactions. Under these documents, 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, any of our 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;
- anticipated future restaurant openings may be delayed or cancelled;
- 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 or declare bankruptcy;
- our ability to support our franchise system;

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- our limited degree of control over the actions 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 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;
- conflicts of interest with Trimaran and Freeman Spogli;
- the fact that upon listing of our common stock, we will be 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 net proceeds to us from the sale of the \_\_\_\_\_ shares of common stock offered hereby are estimated to be approximately \$ \_\_\_\_\_ million, assuming an initial public offering price of \$ \_\_\_\_\_ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus) and after deducting underwriting discounts and commissions and expected offering expenses payable by us. We intend to use the net proceeds from this offering to repay in whole or in part our existing Second Lien Term Loan Facility.

Our \$100 million Second Lien Term Loan Facility matures on April 11, 2019 and bears interest at an adjusted LIBOR or Alternate Base Rate plus an applicable margin. The applicable margin rate is 8.50% with respect to adjusted LIBOR advances and 7.50% with respect to Alternate Base Rate advances. 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.” We intend to repay \$ \_\_\_\_\_ million of the outstanding principal amount of our Second Lien Term Loan Facility with the proceeds from this offering, plus \$ \_\_\_\_\_ million in prepayment penalties and fees. In the 2013 Refinancing, the proceeds from our \$100 million Second Lien Term Loan Facility were used to refinance substantially all of our \$105 million 17% Second Priority Senior Secured Notes due 2018.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering by \$ \_\_\_\_\_ million, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

An affiliate of one of the underwriters is a lender under our Second Lien Term Loan Facility and will receive a portion of the proceeds of this offering. Accordingly, this offering is being made in compliance with FINRA Rule 5121. See “Underwriting—Conflicts of Interest.”

## **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 March 26, 2014:

- on an actual basis; and
- on an as-adjusted basis giving effect to (i) the sale of shares of common stock by us in this offering, at an assumed initial public offering price of \$ per share, the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and (ii) the repayment of our Second Lien Term Loan Facility with the proceeds from this offering.

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.

	<b>As of March 26, 2014</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(Amounts in thousands)</b>	
<b>Cash and cash equivalents</b>	\$ 20,397	\$
<b>Debt:</b>		
<b>Senior secured credit facilities:</b>		
Revolving credit facility <sup>(1)</sup>	\$ —	\$
First lien term loan facility	188,662	
Second lien term loan facility	99,083	
Capital leases	1,051	
<b>Total debt</b>	<b>288,796</b>	
<b>Stockholders’ equity:</b>		
Common stock, par value \$0.01 per share: 10,000,000 shares authorized and 3,352,786 shares issued and outstanding, actual; shares authorized and shares issued and outstanding, as adjusted		34
Additional paid-in capital	240,573	
Accumulated deficit <sup>(2)</sup>	(186,432)	
<b>Total stockholders’ equity</b>	<b>54,175</b>	
<b>Total capitalization</b>	<b>\$ 342,971</b>	<b>\$</b>

(1) Excludes approximately \$7.3 million of outstanding letters of credit as of March 26, 2014, that will not be reflected on the balance sheet unless drawn upon.

(2) As adjusted accumulated deficit reflects the write-off of (i) \$ million (\$ million net of tax) in deferred financing fees related to the repayment of our Second Lien Term Loan Facility and (ii) \$ million (\$ million net of tax) in prepayment penalties and fees related to the repayment of our Second Lien Term Loan Facility. See “Use of Proceeds” and “Certain Relationships and Related Party Transactions—Monitoring and Management Services Agreement.”



## DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted immediately to the extent of the difference between the initial public offering price in this offering per share of our common stock and the pro forma as-adjusted net tangible book value per share of our common stock upon completion of this offering. Net tangible book value per share represents the book value of our total tangible assets less the book value of our total liabilities divided by the number of shares of common stock then issued and outstanding.

Our net tangible book value as of March 26, 2014, was approximately \$ \_\_\_\_\_ million, or approximately \$ \_\_\_\_\_ per share based on the \_\_\_\_\_ shares of common stock issued and outstanding as of such date. After giving effect to our sale of common stock in this offering at the assumed initial public offering price of \$ \_\_\_\_\_ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us, our pro forma as-adjusted net tangible book value as of March 26, 2014, would have been \$ \_\_\_\_\_ million, or \$ \_\_\_\_\_ per share (assuming no exercise of the underwriters' option to purchase additional shares). This represents an immediate and substantial dilution of \$ \_\_\_\_\_ per share to new investors purchasing common stock in this offering. The following table illustrates this dilution per share:

Assumed initial public offering price per share	\$ _____
Net tangible book value per share as of March 26, 2014	\$ _____
Increase in net tangible book value per share attributable to this offering	_____
Pro forma as-adjusted net tangible book value per share after giving effect to this offering	_____
Dilution per share to new investors in this offering	\$ _____

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus) would increase (decrease) our net tangible book value by \$ \_\_\_\_\_ million, the pro forma as-adjusted net tangible book value per share after this offering by \$ \_\_\_\_\_ per share and the dilution to new investors in this offering by \$ \_\_\_\_\_ per share, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remained the same and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

The following table summarizes, on a pro forma basis as of March 26, 2014, the differences between the number of shares of common stock purchased from us, the total price and the average price per share paid by existing stockholders and by the new investors in this offering, before deducting the underwriting discount and estimated offering expenses payable by us, at an assumed initial public offering price of \$ \_\_\_\_\_ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus).

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price</u>
	<u>Number</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Per Share</u>
Existing stockholders	_____	_____ %	\$ _____	_____ %	\$ _____
New investors	_____	_____ %	\$ _____	_____ %	\$ _____
<b>Total</b>	_____	100%	\$ _____	100%	

A \$1.00 increase (decrease) in the assumed initial offering price would increase (decrease) total consideration paid by new investors and average price per share paid by new investors by \$ \_\_\_\_\_ million and \$1.00 per share, respectively. An increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) total consideration paid by new investors by \$ \_\_\_\_\_ million and \$ \_\_\_\_\_ per share, respectively.

If the underwriters' option to purchase additional shares is fully exercised, the pro forma as-adjusted net tangible book value per share after this offering as of March 26, 2014, would be approximately \$ \_\_\_\_\_ per share and the dilution to new investors per share after this offering would be \$ \_\_\_\_\_ per share.

## 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 thirteen weeks ended March 26, 2014 and March 27, 2013 and the consolidated balance sheet data as of March 26, 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.

	Thirteen Weeks Ended		Fiscal Year Ended (1)		
	March 26, 2014	March 27, 2013	2013	2012	2011
<b>(Amounts in thousands, except per share data)</b>					
<b>Statement of Operations Data:</b>					
Revenue					
Company-operated restaurant revenue	\$ 76,213	\$ 72,069	\$ 294,327	\$ 274,928	\$ 255,361
Franchise revenue	5,214	4,926	20,400	18,682	17,877
<b>Total revenue</b>	<b>81,427</b>	<b>76,995</b>	<b>314,727</b>	<b>293,610</b>	<b>273,238</b>
Cost of operations					
Food and paper costs	24,023	22,696	93,589	85,428	78,873
Labor and related expenses	19,313	19,070	75,669	73,406	69,584
Occupancy and other operating expenses	16,044	15,524	63,150	61,636	59,269
Company restaurant expenses	59,380	57,290	232,408	220,470	207,726
General and administrative expenses	6,630	6,193	25,506	24,451	22,828
Franchise expenses	983	969	3,841	3,647	3,862
Depreciation and amortization	2,595	2,404	10,213	9,530	9,615
Loss on disposal of assets	276	190	868	966	197
Asset impairment and close-store reserves	53	65	(101)	1,494	2,014
<b>Total expenses</b>	<b>69,917</b>	<b>67,111</b>	<b>272,735</b>	<b>260,558</b>	<b>246,242</b>
Gain on disposal of restaurant	—	—	400	—	—
Income from operations	11,510	9,884	42,392	33,052	26,996
Interest expense, net	5,623	9,780	36,334	38,890	37,715
Loss on early extinguishment of debt	—	—	21,530	—	20,173
Income (loss) before provision for income taxes	5,887	104	(15,472)	(5,838)	(30,892)
Provision for income taxes	(417)	(164)	(1,401)	(2,027)	(1,579)
<b>Net income (loss)</b>	<b>\$ 5,470</b>	<b>\$ (60)</b>	<b>\$ (16,873)</b>	<b>\$ (7,865)</b>	<b>\$ (32,471)</b>
<b>Per Share Data:</b>					
Net income (loss) per share					
Basic	\$ 1.63	\$ (0.02)	\$ (5.03)	\$ (2.35)	\$ (11.54)
Diluted	\$ 1.55	\$ (0.02)	\$ (5.03)	\$ (2.35)	\$ (11.54)
Weighted average shares used in computing net income (loss) per share					
Basic	3,352,786	3,352,786	3,352,786	3,352,736	2,814,913
Diluted	3,531,878	3,352,786	3,352,786	3,352,736	2,814,913
<b>Consolidated Statement of Cash Flows Data:</b>					
Net cash provided by (used in) operating activities	\$ 7,582	\$ (3,076)	\$ 19,700	\$ 19,409	\$ 6,454
Net cash used in investing activities	(3,661)	(3,324)	(13,787)	(14,993)	(3,709)
Net cash used in financing activities	(539)	(479)	(10,385)	(1,920)	(6,469)

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	Thirteen Weeks		Fiscal Year Ended(1)	
	Ended		2013	2012
	March 26, 2014			
<b>Balance Sheet Data—Consolidated (at period end):</b>				
Cash and cash equivalents	\$	20,397	\$ 17,015	\$ 21,487
Net property(2)		70,703	68,641	64,808
Total assets		420,917	416,500	417,898
Total debt(3)		288,796	289,242	274,621
Total stockholders' equity		54,175	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 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 restaurant concept that specializes in fire-grilling fresh, citrus-marinated chicken in front of our customers. We operate within the fastest growing segment of the restaurant industry, the limited service segment. We offer food typical of fast casual restaurants while providing the speed, convenience and value typical of traditional QSRs. We believe we are positioned across the QSR and fast casual restaurant sub-segments of the restaurant industry, which we refer to as "QSR+." 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 higher quality and 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 healthier menu offering 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 401 current locations in five states, as of March 26, 2014, and we have significant opportunities to expand in existing and new markets. 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 eight to 10 new company-operated and four to six new franchise restaurants across California, Nevada and Texas. 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.

**Highlights and Trends****Comparable Restaurant Sales**

For the thirteen weeks ending March 26, 2014, fiscal 2013 and fiscal 2012, comparable restaurant sales system-wide increased 7.2%, 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 5.4% for the thirteen weeks ending March 26, 2014, 5.3% for fiscal 2013, and 8.6% for fiscal 2012. The increase in company-operated comparable restaurant sales for the thirteen weeks ended March 26, 2014 was primarily the result of an increase in average check size of 4.0% and an increase in traffic of 1.4% compared to the thirteen weeks ended March 27, 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 8.3%, 8.8% and 11.0% for the thirteen weeks ending March 26, 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 thirteen weeks ended March 26, 2014 are as follows:

	<b>Thirteen Weeks Ended March 26, 2014</b>	<b>Fiscal Year Ended</b>		
		<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Company-operated restaurant activity:</b>				
Beginning of period	168	169	165	171
Openings	—	2	4	—
Closures	—	(3)	—	(6)
Restaurants at end of period	168	168	169	165
<b>Franchised restaurant activity:</b>				
Beginning of period	233	229	229	241
Openings	—	5	3	—
Closures	—	(1)	(3)	(12)
Restaurants at end of period	233	233	229	229
<b>Total restaurant activity:</b>				
Beginning of period	401	398	394	412
Openings	—	7	7	—
Closures	—	(4)	(3)	(18)
Restaurants at end of period	401	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 eight to 10 company-operated restaurants in fiscal 2014. Additionally, we estimate that our franchisees will open four to six new restaurants in fiscal 2014. From time to time we 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 March 26, 2014, together we have remodeled a total of 152 restaurants, including 70 that are company-operated. 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 our current senior secured credit facilities, which include our \$15 million first lien Revolving Credit Facility and our \$190 million First Lien Term Loan Facility (each as defined under “—Liquidity and Capital Resources—Debt and Other Obligations—Senior Secured Credit Facilities” below) and our \$100 million Second Lien Term Loan Facility, which we refer to as the “2013 Refinancing.” Our senior secured credit facilities carry longer maturities and lower interest rates than the indebtedness 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.

## **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 March 26, 2014, December 25, 2013, December 26, 2012 and December 28, 2011, there were 164, 161, 164 and 167 restaurants, respectively, in our comparable company-operated restaurant base. As of March 26, 2014, December 25, 2013, December 26, 2012 and December 28, 2011, there were 228, 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 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

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expenses, excluding advertising costs and items that we do not consider representative of our ongoing operating performance. 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 12 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, provision for income taxes, depreciation and amortization. Adjusted EBITDA represents net income (loss) before interest expense, 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, (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.

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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):

	Thirteen Weeks Ended		Fiscal Year Ended		
	March 26, 2014	March 27, 2013	2013	2012	2011
	(Amounts in thousands, except per share data)				
<b>Net income (loss)</b>	\$ 5,470	\$ (60)	\$(16,873)	\$ (7,865)	\$(32,471)
Non-GAAP Adjustments:					
Provision for income taxes	417	164	1,401	2,027	1,579
Interest expense, net	5,623	9,780	36,334	38,890	37,715
Depreciation and amortization	2,595	2,404	10,213	9,530	9,615
<b>EBITDA</b>	<b>\$ 14,105</b>	<b>\$ 12,288</b>	<b>31,075</b>	<b>42,582</b>	<b>16,438</b>
Stock based compensation expense(a)	169	85	822	860	40
Management fees(b)	158	155	624	612	674
Loss on disposal of assets(c)	276	190	868	966	197
Impairment and closures(d)	53	65	(101)	1,494	2,014
Debt extinguishment expense(e)	—	—	21,530	—	20,173
Pre-opening costs(f)	108	104	201	320	—
<b>Adjusted EBITDA</b>	<b>\$ 14,869</b>	<b>\$ 12,887</b>	<b>\$ 55,019</b>	<b>\$46,834</b>	<b>\$ 39,536</b>

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

(b) Includes management fees and other out-of-pocket costs paid to our sponsors.

(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.

(f) 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.



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### **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.

#### ***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 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.

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### **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.

### **Loss on Early Extinguishment of Debt**

In October 2013, we refinanced our existing debt by entering into our senior secured credit facilities. Our senior secured credit facilities carry longer maturities and lower interest rates than the indebtedness they replaced. As a result of the 2013 Refinancing, we incurred charges for call premiums, a write-off of deferred financing costs and accelerated accretion.

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.

### **Provision for Income Taxes**

Provision for income taxes consists of federal and state taxes on our income.

### **Results of Operations**

#### **Thirteen Weeks Ended March 26, 2014 Compared to Thirteen Weeks Ended March 27, 2013**

Our operating results for the thirteen weeks ended March 26, 2014 and March 27, 2013 in absolute terms and expressed as a percentage of total revenue are compared below:

	Thirteen Weeks Ended					
	March 26, 2014		March 27, 2013		Increase / (Decrease)	
	(\$ ,000)	(%)	(\$ ,000)	(%)	(\$ ,000)	(%)
<b>Statement of Operations Data:</b>						
Revenue						
Company-operated restaurant revenue	\$ 76,213	93.6	\$ 72,069	93.6	\$ 4,144	5.8
Franchise revenue	5,214	6.4	4,926	6.4	288	5.8
Total revenue	81,427	100.0	76,995	100.0	4,432	5.8
Cost of operations						
Food and paper costs	24,023	29.5	22,696	29.5	1,327	5.8
Labor and related expenses	19,313	23.7	19,070	24.8	243	1.3
Occupancy and other operating expenses	16,044	19.7	15,524	20.2	520	3.3
Company restaurant expenses	59,380	72.9	57,290	74.4	2,090	3.6
General and administrative expenses	6,630	8.1	6,193	8.0	437	7.1
Franchise expenses	983	1.2	969	1.3	14	1.4
Depreciation and amortization	2,595	3.2	2,404	3.1	191	7.9
Loss on disposal of assets	276	0.3	190	0.2	87	45.3
Asset impairment and close-store reserves	53	0.1	65	0.1	(12)	(18.5)
Total expenses	69,917	85.9	67,111	87.2	2,806	4.2
Income from operations	11,510	14.1	9,884	12.8	1,626	16.5
Interest expense, net	5,623	6.9	9,780	12.7	(4,157)	(42.5)
Income before provision for income taxes	5,887	7.2	104	0.1	5,783	5,560.6
Provision for income taxes	(417)	0.5	(164)	0.2	(253)	154.3
Net income (loss)	\$ 5,470	6.7	\$ (60)	(0.1)	\$ 5,530	(9,216.7)

#### **Company-Operated Restaurant Revenue**

Company-operated restaurant revenue increased \$4.1 million, or 5.8%, for the thirteen weeks ended March 26, 2014, primarily due to an increase in company-operated comparable restaurant sales of \$3.8 million, or 5.4%. The

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growth in company-operated comparable restaurant sales was primarily due to an increase in average check size of 4.0% and an increase in traffic of 1.4% compared to the thirteen weeks ended March 27, 2013. Company-operated restaurant revenue was also favorably impacted by \$1.0 million of additional sales from restaurants not in the comparable base. This was partially offset by \$0.6 million of lost sales from restaurants that closed in 2013.

### *Franchise Revenue*

Franchise revenue increased \$0.3 million, or 5.8%, for the thirteen weeks ended March 26, 2014, primarily due to higher franchised comparable restaurant sales of 8.3%.

### *Food and Paper Costs*

Food and paper costs increased \$1.3 million for the thirteen weeks ended March 26, 2014, consisting of a \$1.1 million increase in food costs and a \$0.2 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 29.5% for each of the thirteen weeks ended March 26, 2014 and March 27, 2013.

### *Labor and Related Expenses*

Payroll and benefit expenses increased \$0.2 million for the thirteen weeks ended March 26, 2014, primarily due to increased labor costs resulting from higher sales, partially offset by a \$0.2 million decrease in group health insurance and workers' compensation expenses due to lower year-over-year claims activity. Payroll and benefit expenses as a percentage of total revenue were 23.7% for the thirteen weeks ended March 26, 2014 compared to 24.8% for the thirteen weeks ended March 27, 2013. This decrease was primarily due to an increase in revenue, the relatively fixed nature of labor costs and the decrease in group health insurance and workers' compensation expenses noted above.

### *Occupancy and Other Operating Expenses*

Occupancy and other operating expenses increased \$0.5 million for the thirteen weeks ended March 26, 2014, primarily due to a \$0.3 million increase in utility costs, resulting primarily from higher gas prices, and a \$0.2 million increase in advertising costs, as a result of higher company-operated restaurant revenue. Occupancy and other operating expenses as a percentage of total revenue were 19.7% for the thirteen weeks ended March 26, 2014 compared to 20.2% for the thirteen weeks ended March 27, 2013. 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 \$0.4 million for the thirteen weeks ended March 26, 2014, primarily due to a \$0.1 million increase in legal fees due to an increase in litigation activity, an increase in payroll expense primarily due to severance costs resulting from the exit of one of the management team and a \$0.1 million increase in stock option expense, primarily due to the vesting of performance-based options. These increases were partially offset by a \$0.1 million decrease in medical costs, primarily due to lower claims activity. General and administrative expenses as a percentage of total revenue were 8.1% for the thirteen weeks ended March 26, 2014 compared to 8.0% for the thirteen weeks ended March 27, 2013. This increase was primarily due to the increase in general and administrative expenses discussed above, partially offset by higher total revenue.

### *Interest Expense, Net*

Interest expense, net, decreased \$4.2 million for the thirteen weeks ended March 26, 2014, 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.

### *Provision for Income Taxes*

We recorded an income tax provision of \$0.4 million for the thirteen weeks ended March 26, 2014 compared to \$0.2 million for the thirteen weeks ended March 27, 2013. The provision for income taxes relates primarily 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 March 26, 2014, and March 27, 2013.

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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)	(%)
<b>Statement of Operations Data:</b>						
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
<b>Total revenue</b>	<b>314,727</b>	<b>100.0</b>	<b>293,610</b>	<b>100.0</b>	<b>21,117</b>	<b>7.2</b>
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)
<b>Total expenses</b>	<b>272,735</b>	<b>86.6</b>	<b>260,558</b>	<b>88.7</b>	<b>12,177</b>	<b>4.7</b>
Gain on disposal of restaurant	400	0.1	—	—	400	—
<b>Income from operations</b>	<b>42,392</b>	<b>13.5</b>	<b>33,052</b>	<b>11.3</b>	<b>9,340</b>	<b>28.3</b>
Interest expense, net	36,334	11.5	38,890	13.3	(2,556)	(6.6)
Loss on 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)
<b>Net loss</b>	<b>\$ (16,873)</b>	<b>(5.3)</b>	<b>\$ (7,865)</b>	<b>(2.7)</b>	<b>\$ (9,008)</b>	<b>114.5</b>

*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 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.

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### *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 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.

[Table of Contents](#)*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.

*Loss on 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)	(%)
<b>Statement of Operations Data:</b>						
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
Loss on 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.

### *Loss on 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.



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**Quarterly Financial Data**

The following table presents select historical quarterly consolidated statements of operations data and other operations data through March 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			
	Mar.	Dec.	Sept.	June	Mar.	Dec.	Sept.	June	Mar.
<b>Selected Financial Data</b>									
Total revenue (\$)	81,427	76,238	79,767	81,727	76,995	72,071	76,335	74,723	70,481
Income from Operations (\$)	11,510	9,676	10,651	12,181	9,884	5,203	8,947	9,235	9,667
Net income (loss) (\$)	5,470	(18,141)	918	410	(60)	(6,120)	(1,016)	(524)	(205)
Adjusted EBITDA (\$)	14,869	13,016	13,725	15,391	12,887	9,889	12,116	12,563	12,266
<b>Selected Operated Data</b>									
Number of restaurants (at period end)									
Company-operated	168	168	168	167	169	169	169	165	165
Franchised	233	233	231	231	229	229	229	229	230
System-wide	401	401	399	398	398	398	398	394	395
Average unit volume (company-operated) <sup>(1)</sup>	1,813	1,707	1,772	1,833	1,718	1,590	1,721	1,705	1,608
Comparable restaurant sales growth (%)									
Company-operated	5.4	5.4	2.2	6.9	6.7	6.8	10.1	8.5	8.8
Franchised	8.3	7.7	5.4	11.7	10.5	10.4	13.2	10.2	9.9
System-wide	7.2	6.5	3.7	9.6	8.5	8.6	12.0	9.5	9.5
Restaurant contribution margin (%)	26.2	24.4	24.7	26.5	24.6	22.5	24.1	24.0	25.0

(1) AUVs consist of average annualized sales of all company-owned restaurants over the trailing 12 periods in a typical operating year.

**Liquidity and Capital Resources**

Our primary sources of liquidity and capital resources have been cash provided from operations, cash and cash equivalents, and our 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 current senior secured credit facilities, which include our \$15 million first lien Revolving Credit Facility, \$190 million First Lien Term Loan Facility and \$100 million Second Lien Term Loan Facility. Our senior secured credit facilities carry longer maturities and lower interest rates than the indebtedness they replaced.

Following the completion of this offering and the use of proceeds described herein, our outstanding indebtedness (assuming debt balances as of December 25, 2013) will be reduced by approximately \$            million, or    %, and our annualized interest expense will decline by approximately \$            million (including the elimination of approximately \$            million of annual interest expense relating to our Second Lien Term Loan Facility), which would have represented a reduction of approximately    % of our \$36.3 million of interest expense for fiscal 2013.

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The following table presents summary cash flow information for the periods indicated (in thousands).

(Amounts in thousands)	Thirteen Weeks Ended		Fiscal Year Ended		
	March 26, 2014	March 27, 2013	2013	2012	2011
Net cash provided by (used in)					
Operating activities	\$ 7,582	\$ (3,076)	\$ 19,700	\$ 19,409	\$ 6,454
Investing activities	(3,661)	(3,324)	(13,787)	(14,993)	(3,709)
Financing activities	(539)	(479)	(10,385)	(1,920)	(6,469)
Net increase (decrease) in cash	\$ 3,382	\$ (6,879)	\$ (4,472)	\$ 2,496	\$(3,724)

### *Operating Activities*

For the thirteen weeks ended March 26, 2014, compared to the thirteen weeks ended March 27, 2013, net cash provided by operating activities increased by \$10.7 million primarily due to cash generated by increased revenue as a result of company comparable sales growth and lower interest payments resulting from the refinancing of our credit facilities in October 2013. The refinancing of our credit facilities resulted in lower interest payments due primarily to lower interest rates and the payment of accrued interest at the time of the refinancing resulting in lower interest payments for the thirteen weeks ended March 26, 2014 compared to the thirteen weeks ended March 27, 2013.

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 thirteen weeks ended March 26, 2014, compared to the thirteen weeks ended March 27, 2013, cash used in investing activities increased by \$0.3 million primarily due to increased capital expenditures related to the remodeling of restaurants.

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.

We intend to spend approximately \$26.0 million to \$30.0 million in fiscal 2014 on capital expenditures, including \$11.0 million to \$14.0 million for new restaurant construction, \$5.0 million to \$7.0 million for remodeling and \$9.0 million to \$10.0 million on equipment and other capital goods.

### *Financing Activities*

For both the thirteen weeks ended March 26, 2014 and March 27, 2013, cash used in financing activities was \$0.5 million.

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.

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### **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 March 26, 2014.

The Second Lien Credit Agreement provides for a \$100 million Second Lien Term Loan Facility (the “Second Lien Term Loan Facility”) and bears interest at an adjusted LIBOR or Alternate Base Rate plus an applicable margin. The applicable margin rate is 8.50% with respect to adjusted LIBOR advances and 7.50% with respect to Alternate Base Rate advances. The Second Lien Term Loan Facility is secured by a second priority lien on substantially all of the assets of EPL and Intermediate. The Second Lien Term Loan Facility matures on April 11, 2019.

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 (x) change its 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. As of the date of this prospectus, we were in compliance with our senior secured credit facilities’ financial covenants.

#### *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.

#### *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 March 26, 2014:

<b>(Amounts in thousands)</b>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>2014</b>	<b>2015- 2016</b>	<b>2017- 2018</b>	<b>2019 and thereafter</b>
Operating leases	\$154,699	\$13,984	\$33,185	\$ 29,282	\$ 78,248
Capital leases	1,510	312	578	371	249
Long-term debt	383,723	16,278	43,371	222,661	101,413
Total	\$539,932	\$30,574	\$77,134	\$252,314	\$ 179,910

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### *Off-Balance Sheet and Other Arrangements*

At March 26, 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 March 26, 2014, we had outstanding borrowings of \$288.8 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 \$3.0 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. The State of California (where most of our restaurants are located) has had a minimum wage of \$8.00 per hour since January 1, 2008, which is scheduled to rise to \$9.00 on July 1, 2014, and to \$10.00 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.

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. The Company presents 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

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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 March 26, 2014, we had federal and state net operating loss (“NOL”) carryforwards of \$118 million and \$122 million, respectively. These NOLs expire beginning in 2024 and 2014, respectively.

As of March 26, 2014, we maintained a full valuation allowance on our deferred tax assets as we have experienced continuing taxable losses, and accordingly have not recognized a benefit for NOL carryforwards or other deferred tax assets in the years ended December 25, 2013 and December 26, 2012 or in the thirteen weeks ended March 26, 2014.

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.

Because we have generated losses in recent years, our conclusion is that we cannot rely on our long-term financial forecasts to a more-likely-than-not level. Therefore, we have determined that we do not meet the “more likely than not” threshold that NOLs, tax credits and other deferred tax assets will be realized. Accordingly, a valuation allowance is required.

The largest components of the loss generated in the year ended December 25, 2013 related to interest expense on our long term debt of \$36.3 million and to loss on early extinguishment of debt of \$21.5 million. As discussed under “Use of Proceeds,” we intend to use the net proceeds from this offering to repay in whole or in part our existing second lien term loan facility. Accordingly, this offering is expected to reduce our interest expense in future years and may result in taxable income, and we may realize a three-year cumulative accounting profit in the future. Because this event is a contingent future event, the potential impact of such a future debt repayment cannot yet be factored into our financial results. If these events occur, we will also consider other factors in evaluating the continued need for a full, or partial, valuation allowance. These 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.

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

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“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 reversal of the valuation allowance will favorably impact our results of operations in the period of reversal.

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. As of March 26, 2014, we have not recorded any uncertain tax positions.

### **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 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. No stock options were granted for the thirteen weeks ended March 26, 2014.

	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%

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

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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 thirteen weeks ended March 26, 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.

It is 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 we believe 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 involve 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.

We have 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 \$50 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:

<b>Grant Date</b>	<b>Common Shares Underlying Options Granted</b>	<b>Exercise Price Per Share</b>	<b>Fair Value Per Common Share as Determined by Our Board at Grant Date</b>
April 11-22, 2013	8,250	\$ 35.00	\$ 35.00
April 11-22, 2013	16,500	\$ 50.00	\$ 35.00
July 15-29, 2013	23,000	\$ 35.00	\$ 35.00
July 15-29, 2013	46,000	\$ 50.00	\$ 35.00

The independent third-party valuation was prepared 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



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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 is 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 are considered highly complex and subject to significant judgment. For example, the percentage weighting that is used between the different valuation approaches, the selection of the comparable public companies used in the guideline public company analysis, and the non-marketability discount used can all have different assumptions. There is 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 will not be necessary to determine fair value of new awards once the underlying shares begin trading.

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 \$35.00 or \$50.00 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 \$35.00 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 \$35.00 or \$50.00 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 \$35.00 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

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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 \$79.75 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 are trading at, higher multiples that recent transactions have been priced at and the increase in the Company's revenue and EBITDA growth rates used in the December 25, 2013 valuation (based upon two years of consistent revenue growth). Further, 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 believe it is reasonable to expect that the completion of an initial public offering will add value to the shares of our common stock because they will have increased liquidity and marketability.

## BUSINESS

### Company Overview

#### *It All Starts with Our Chicken*

El Pollo Loco is a differentiated and growing restaurant concept that specializes in fire-grilling fresh, citrus-marinated chicken in front of our customers. We operate within the fastest growing segment of the restaurant industry, the LSR segment. 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 fresh chicken over open flames, hand slice avocados and make our salsas, guacamole and cilantro dressings from scratch. The open design of our kitchens reveal our authentic cooking process and allow 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 higher quality and 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 401 restaurants, comprised of 168 company-operated and 233 franchised restaurants as of March 26, 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 system-wide sales of \$657.6 million and \$172.0 million for the year ended December 25, 2013 and the thirteen weeks ended March 26, 2014, respectively.

We believe the quality of our food and dining experience and the compelling value proposition we offer our customers creates a distinct competitive advantage that drives our operating results, as illustrated by the following:

- we achieved positive comparable restaurant sales growth in 11 consecutive quarters through our fiscal quarter ended March 26, 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 240 basis points to 25.1% and from March 27, 2013 to March 26, 2014, we increased our restaurant contribution margin for our company-operated restaurants by 160 basis points to 26.2%; 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 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 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 fresh 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.

*Authentic, Fresh-Made “Crazy You Can Taste” Fire-Grilled Chicken and Entrees.* Our signature product is our fresh 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 higher-quality and healthier alternative to traditional food on-the-go. Our entrees are prepared

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using fresh ingredients in recipes inspired by authentic Mexican cuisine. Approximately 80% of our menu items are prepared from scratch and made fresh throughout the day. We hand-chop our vegetables daily to give our salsas, guacamole and cilantro dressing a fresh and delicious taste. 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 a 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.

*Warm and Inviting Experience That Welcomes Our Customers.* We believe our new Hacienda restaurant design creates a warm and 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 our team members and our customers share our energy and passion for our concept. We believe our customers have come to expect not only great food from our restaurants, but also great service. 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’ need for good food and good service is the foundation of our business. 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 Industry-Leading AUVs and Attractive Restaurant-Level Economics One Chicken at a Time.* We believe our differentiated QSR+ positioning drives restaurant operating results that are among the highest in the fast-casual and QSR industry segments. 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 25.1%.

*Experienced and Passionate 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.

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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 11 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 attractive 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 401 current locations in five states, as of March 26, 2014, and we have significant opportunities to expand in existing and new markets. 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 eight to 10 new company-operated and four to six new franchise restaurants across California, Nevada and Texas. 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.

To date, we have achieved attractive average restaurant unit volumes and cash-on-cash returns for new company-operated restaurants. We did not open any new restaurants in 2011, but opened four in 2012 and two in 2013. We closed three restaurants in 2013 and six restaurants in 2011 and did not close any restaurants in 2012. For the period from December 26, 2013, through March 26, 2014, these new restaurants had weekly AUVs averaging \$34,900 and annualized cash-on-cash returns of over 40%. While most of our growth in 2014 will be 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. 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 270 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 there are additional development opportunities beyond this. We expect to open our first location in Houston in 2014.

*Increase Our Comparable Restaurant Sales.* Our system has experienced 11 straight quarters of comparable restaurant sales growth through our fiscal quarter ended March 26, 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 be innovative with 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.

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***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 7% increase in new and lapsed users from 2012 to 2014. These new and lapsed users now account for approximately 15% of total visits.

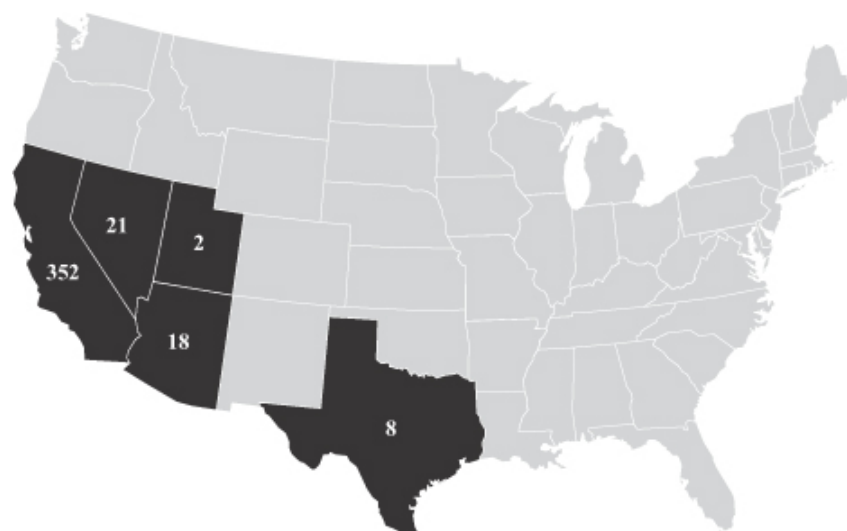
***Hacienda Remodel Program.*** In 2011, we launched our new Hacienda remodeling program, which has resulted on average in an additional 3% comparable restaurant sales for remodeled restaurants. The redesigned Hacienda restaurants highlight our roots, while offering a more modern feel and upscale dining experience. We and our franchisees have remodeled 152 restaurants as of March 26, 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 350 basis points, to 26.2%. We believe we can further improve our margins by maintaining fiscal discipline, increasing fixed-cost leverage and enhancing our purchasing efforts. We currently have a business 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 19 properties and currently operate or license to franchisees the right to operate restaurants on all of these properties. All 19 of these owned properties are subject to mortgages that secure our senior secured credit facilities. In addition, we lease 152 properties for company-operated restaurants. As of March 26, 2014, our restaurant system consisted of 401 restaurants comprised of 168 company-operated restaurants and 233 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.

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	144	208	352
Nevada	17	4	21
Arizona	0	18	18
Texas	6	2	8
Utah	1	1	2
Total	168	233	401

**Site Selection and Expansion**

***New Restaurant Development***

We believe we are in the early stages of our growth story and to date we have achieved attractive average restaurant unit volumes and cash-on-cash returns for new company-operated restaurants that we have opened, 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 eight and 10 new company-operated and four to six new franchised restaurants across our existing markets as well as one new market, Houston, Texas. 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 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.

To date, we have opened one restaurant in 2014 and have another restaurant under construction. In addition, we have eleven restaurant sites in various stages of development with six in permitting and another five 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.



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After thoroughly researching this region, we have selected Houston, Texas as our next new market and plan to build two to three restaurants in 2014. We are currently in the permitting process for one location and in various stages of negotiations on five others. In Houston, Texas, we have identified 80 trade areas 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-thrus. 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 restaurant will require a total cash investment of \$1.3 million, net of tenant allowances. We 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

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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 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 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.

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.

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### ***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 passion for 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 March 26, 2014, there were a total of 233 franchised restaurants. Franchisees range in size from single-restaurant operators to the largest franchisee, which owned 52 restaurants as of March 26, 2014. Our existing franchise base consists of many successful, longstanding, multi-unit restaurant operators. As of March 26, 2014, approximately 76% 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 March 26, 2014.

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

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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 140,000 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 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

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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 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 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.

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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 March 26, 2014, we had approximately 4,460 employees, of whom approximately 4,328 were hourly restaurant employees comprised of 3,674 crewmembers, 166 general managers, 191 assistant managers, 282 shift leaders and 15 employees in limited-time roles as acting managers or managers in training. The remaining 132 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.

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.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Stephen J. Sather	66	Director, President and Chief Executive Officer
Laurance Roberts	54	Chief Financial Officer
Kay Bogeajis	58	Chief Operating Officer
Edward Valle	53	Chief Marketing Officer
Michael G. Maselli	53	Chairman and Director
Dean C. Kehler	56	Director
Wesley W. Barton	36	Director
John M. Roth	55	Director
Douglas K. Ammerman	62	Director
Samuel N. Borgese	65	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 from The A.B. Freeman School at Tulane University and a bachelor's degree in economics from the University of

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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 sponsors, 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 sponsors, 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 sponsors, 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 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 Max Brenner International, which manufactures chocolate products and delivers them through a global system of chocolate bar restaurants and shops. 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 sponsors. 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**

Prior to completion of this offering, we will amend and restate our certificate of incorporation and our bylaws. Our certificate of incorporation will provide that our board of directors shall consist of no fewer than and no more than \_\_\_\_\_ directors. The exact size of our board shall be determined from time to time by the board. We intend to appoint one director following the completion of this offering who satisfies the independence requirements of the NASDAQ. \_\_\_\_\_ has agreed to resign from our board of directors upon the appointment of our new independent director. Our board of directors will be 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 our sponsors, 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 will provide 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 % 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 will also provide 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.

We intend to avail ourselves of the “controlled company” exception under NASDAQ rules because LLC will continue to control more than 50% of the voting power of our common stock following the completion of this offering. 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 intend to comply with the requirements of Sarbanes-Oxley and the NASDAQ. We will be required to have an audit committee with at least one independent director during the 90-day period beginning on the date of effectiveness of the registration statement filed with the SEC in connection with this offering and of which this prospectus is part. After this 90-day period and until one year from the date of effectiveness of the registration statement, we will be required to have a majority of independent directors on our audit committee. Thereafter, we will be required to have an audit committee comprised entirely of independent directors. We expect to have independent directors on our board upon completion of this offering. See “Management—Directors and Executive Officers.”

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. Upon completion of this offering, copies of the charters will be available on our website at [www.elpollo.com](http://www.elpollo.com). Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

### **Audit Committee**

Upon completion of this offering, the Audit Committee will be comprised of . 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 permit us to have an audit committee that has one member who is independent upon the effectiveness of the registration statement of which this prospectus forms a part, a majority of member who are independent within 90 days of effectiveness and all members who are independent within one year of effectiveness. The functions of our Audit Committee, among other things, will 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;

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- 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.

Our board of directors has determined that \_\_\_\_\_ qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and that \_\_\_\_\_ is independent as independence is defined in Rule 10A-3 of the Exchange Act and under NASDAQ listing standards. As discussed above under the caption “Board Composition and Election of Directors,” the Audit Committee will consist of a majority of independent directors within 90 days of listing, and consist of all independent directors by the first anniversary of listing, consistent with NASDAQ listing standards.

### ***Compensation Committee***

Upon completion of this offering, the Compensation Committee will be comprised of \_\_\_\_\_. The functions of our Compensation Committee, among other things, will 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. Our board of directors has determined that \_\_\_\_\_ each qualify as “non employee directors” and “outside directors.”

### ***Nominating and Corporate Governance Committee***

Upon completion of this offering, the Nominating and Corporate Governance Committee will be comprised of \_\_\_\_\_. The functions of our Nominating and Corporate Governance Committee, among other things, will 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

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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 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. Upon completion of this offering, a copy of the code will be available on our website at [www.elpolloco.com](http://www.elpolloco.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.

Upon completion of this offering, a copy of the corporate governance guidelines will be available on our website, which is located at [www.elpolloco.com](http://www.elpolloco.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**

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

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general release of claims, the NEO will be entitled to receive continuation of base salary for 12 months following 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***

##### ***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 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.

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### *2005 Stock Option Plan*

In 2005, we adopted the 2005 Stock Option Plan (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 granted under the 2005 Plan are vested (or will vest as of the end of April 2014) and no future awards will be made under the 2005 Plan. None of our NEOs hold any of such options. The 2005 Plan provides that each award 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 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. The awards under the 2005 Plan also require employees to agree to be bound by one-year post-termination covenants relating to non-competition, non-interference and non-solicitation of employees.

### *2012 Stock Option Plan*

In 2012, we adopted the 2012 Stock Option Plan (the “2012 Plan”) in order to advance our interests by providing for grants of stock options to certain individuals. Generally, 50% of options granted under the 2012 Plan 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. The 2012 Plan provides that each award 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 grant options with strike prices in excess of the fair market value of our stock on the date of grant. These premium options are intended as a further stretch incentive to encourage growth that meets or exceeds the premium level.

All of our plans prior to this offering also provide that upon exercise of the stock options, employees must agree to be bound by our stockholders agreement (discussed below under “Certain Relationships and Related Party Transactions—Stockholders Agreement”), which, among other items, provides for, prior to an initial public offering, call rights (in certain circumstances, at below fair market value) and put rights (in certain circumstances) with respect to any stock that was purchased by employees upon exercise of stock options.

In connection with this offering, we intend to adopt a new comprehensive equity incentive plan. The terms of such plan have not yet been finalized.

### ***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.

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**2013 Outstanding Equity Awards at Fiscal Year End Table**

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

<b>Name</b>	<b>Number of Securities Underlying Unexercised Options</b>		<b>Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options</b>	<b>Option Exercise Price</b>	<b>Option Expiration Date</b>
	<b>Exercisable</b>	<b>Unexercisable</b>			
Stephen J. Sather					
(1)	41,250	16,500	8,250	\$ 22.48	April 16, 2022
(1)	82,500	33,000	16,500	\$ 50.00	April 16, 2022
Laurance Roberts(2)	1,437	5,750	4,313	\$ 35.00	July 15, 2023
(2)	2,875	11,500	8,625	\$ 50.00	July 15, 2023
Kay Bogeajis(2)	1,437	5,750	4,313	\$ 35.00	July 29, 2023
(2)	2,875	11,500	8,625	\$ 50.00	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.

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Total</b>
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 \$40,000, which is paid quarterly.

We are currently in the process of determining the appropriate compensation program for our independent directors for following this offering and we anticipate that the program will include customary compensation elements such as annual cash retainer fees, annual equity grants and reimbursement of reasonable expenses incurred in connection with the performance of director duties. We will provide further information on our director compensation program after it has been finalized.

## 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 will 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 this offering. 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 an initial public offering or the end of the lock-up period described herein under “Underwriting—No Sales of Similar Securities,” 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 \_\_\_\_\_ shares of common stock will be subject to the registration rights agreement upon completion of this offering.



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At least 10 days prior to the anticipated filing date of any registration statement, notice will be given to all holders of registrable securities party to the stockholders agreement outlining their rights to include their shares in such 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 \_\_\_\_\_ 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 the completion of this offering 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 this offering.

### **Monitoring and Management Services Agreement**

Under the terms of a monitoring and management services agreement, or management agreement, entered into between us and affiliates of Trimaran and Freeman Spogli (together, the “Sponsor Advisors”), we pay an annual advisory and monitoring fee of \$357,000, which is paid in advance in quarterly installments of \$89,250 to an affiliate of Trimaran and \$143,000, which is 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 provides 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 provides that we reimburse the Sponsor Advisors for certain services to be provided to us on a going-forward basis. The management agreement also provides 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 determine to provide such services.

**PRINCIPAL STOCKHOLDERS**

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

- 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 shares of our common stock outstanding as of \_\_\_\_\_, 2014, and \_\_\_\_\_ shares of common stock outstanding after the completion of this offering.

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 \_\_\_\_\_, 2014. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

<u>Name and Address of Beneficial Owner</u>	<u>Shares Beneficially Owned Prior to this Offering</u>		<u>Shares Beneficially Owned After this Offering</u>	
	<u>Number<sup>(1)</sup></u>	<u>Percentage of Class</u>	<u>Number</u>	<u>Percentage of Class</u>
<b>Named Executive Officers and Directors:</b>				
Stephen J. Sather				
Laurance Roberts				
Kay Bogeajis				
Michael G. Maselli				
Dean C. Kehler				
Wesley W. Barton				
John M. Roth				
Douglas K. Ammerman				
Samuel N. Borgese				
All directors and executive officers as a group (11 persons)				
<b>5% Stockholders:</b>				
Trimaran Pollo Partners, L.L.C.				
Investment funds affiliated with Trimaran Capital Partners <sup>(2)</sup>				
Investment funds affiliated with Freeman Spogli & Co. <sup>(3)</sup>				

(1) \* Less than one percent.

(2) Trimaran Capital, L.L.C. owns 43,642.39 (1.31%) membership units of LLC, Trimaran Fund II, L.L.C. owns 675,922.05 (20.27%) membership units of LLC, Trimaran Parallell Fund II, L.P., owns 284,581.94 (8.53%) membership units of LLC, CIBC Employee Private Equity Fund (Trimaran) Partners owns 440,126.52 (13.20%) membership units of LLC and CIBC Capital Corporation owns 480,164.44 (14.40%) 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.

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(3) FS Equity Partners V, L.P. owns 1,087,495.62 (32.61%) membership units of LLC and FS Affiliates V, L.P. owns 14,546.96 (0.44%) 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.

## 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 as will be in effect upon the completion of this offering, and certain applicable provisions of Delaware law. While we believe 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. Copies 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

Upon completion of this offering, our authorized capital stock will consist of \_\_\_\_\_ shares of common stock, par value \$0.01 per share; and \_\_\_\_\_ shares of preferred stock, par value \$0.01 per share.

Upon completion of this offering, there will be outstanding \_\_\_\_\_ shares of common stock, assuming no exercise of the underwriters’ option to purchase additional shares, and no outstanding shares of preferred stock.

### Common Stock

Under our certificate of incorporation, each outstanding share of common stock will be 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 will have no preemptive, conversion or subscription rights. No redemption or sinking fund provisions will apply to our common stock. Holders of our common stock will 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 will be 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 will authorize our board of directors, without stockholder approval, to issue up to \_\_\_\_\_ 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 will be 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. Immediately after the completion of this offering, no shares of preferred stock will be 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.

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### ***Classified Board of Directors***

Our certificate of incorporation will provide 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 will be elected each year. Under Section 141 of the DGCL, unless the certificate of incorporation provides otherwise, directors serving on a classified board can only be removed for cause. Our certificate of incorporation will provide 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 % 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 will provide that our board of directors shall consist of not less than directors nor more than directors. The exact number of members on our board of directors will be determined from time to time by resolution of a majority of our full board of directors. Upon completion of this offering, the size of our board of directors will be fixed at directors.

Pursuant to our certificate of incorporation, each director will 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 will further provide 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 a special meeting once LLC ceases to beneficially own more than % of our common stock, in which event, special meetings of the stockholders will be able to be called by only (a) the Chairman of our board of directors or (b) our Secretary at the written request of a majority of the number of directors that we would have if there were 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 will prohibit stockholder action by written consent, when LLC ceases to beneficially own more than % 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 will 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 will 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

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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;
- 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 occupancy 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.

### ***Amendment of Certificate of Incorporation***

Except as otherwise provided by law or our certificate of incorporation, our certificate of incorporation may be amended, altered or repealed at a meeting of the stockholders by a majority of the voting power of the outstanding voting stock voting as a single class, provided that such amendment has been described or referred to in the notice of such meeting or a meeting of our board of directors.

### ***Amendment of Bylaws***

Except as otherwise provided by law, our certificate of incorporation or our bylaws, our bylaws may be amended, altered or repealed at any time (i) by our board of directors or (ii) at a meeting of the stockholders by a majority of the voting power of the outstanding voting stock voting as a single class, provided that such amendment has been described or referred to in the notice of such meeting or a meeting of our board of directors, provided that no amendment adopted by the board of directors may vary or conflict with any amendment adopted by the stockholders in accordance with our certificate of incorporation or bylaws.

### ***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;
- 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.

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

- the 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 will provide that in the event 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 will provide 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;
- unlawful payment of dividends or redemption of shares; or
- breach of a director’s duty of loyalty to the corporation or its stockholders.

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Our certificate of incorporation will include 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 .

### **Listing**

We intend to apply to have our common stock listed on the NASDAQ under the symbol "LOCO."



## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and 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 a future sale of securities.

Upon completion of this offering, we will have \_\_\_\_\_ shares of common stock issued and outstanding (or a maximum of \_\_\_\_\_ shares if the underwriters exercise their option to purchase additional shares in full). All of the shares of our common stock sold in this offering (or \_\_\_\_\_ shares if the underwriters exercise their option to purchase additional shares in full) 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 \_\_\_\_\_ % and \_\_\_\_\_ % of our outstanding common stock will be beneficially owned by Trimaran and Freeman Spogli, respectively (or \_\_\_\_\_ % and \_\_\_\_\_ % 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

We, our officers, directors and holders of substantially all our outstanding capital stock and other securities 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 180 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 180th day after the date of this prospectus. 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 180-day period release all or any portion of the securities subject to lock-up agreements. 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.

### 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.

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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 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.

### **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 intend to file a registration statement under the Securities Act covering up to \_\_\_\_\_ shares of our common stock reserved for issuance under our incentive plan. This registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing. Accordingly, shares registered under such registration statement will be 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 \_\_\_\_\_ shares and \_\_\_\_\_ shares, respectively, of our common stock. Pursuant to the stockholders agreement between us, LLC and certain members of our management at the completion of this offering, we will grant these stockholders and certain of their respective affiliates and permitted transferees “demand” and “piggyback” rights to register these shares for resale at any time after the completion of this offering, 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 Internal Revenue Code of 1986, as amended (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 (a) 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 (b) 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

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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**

After June 30, 2014, withholding at a rate of 30% will be required on dividends in respect of, and, after December 31, 2016, gross proceeds from the sale or other disposition of, our common stock 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 \_\_\_\_\_, 2014, among us 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 us, the respective number of shares of common stock shown opposite its name below:

<b>Underwriter</b>	<b>Number of Shares</b>
Jefferies LLC	
Morgan Stanley & Co. LLC	
Robert W. Baird & Co. Incorporated	
Total	

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 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 us 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.

### Commission and Expenses

The underwriters have advised us that they propose to offer the shares of common stock to the public at the initial 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. The underwriters may allow, and certain dealers may reallow, a discount from the concession not in excess of \$ \_\_\_\_\_ per share of common stock to certain brokers and dealers. After the offering, the initial 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 we are to pay the underwriters and the proceeds, before expenses, to us 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 us	\$	\$	\$	\$
Proceeds to us, before expenses	\$	\$	\$	\$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately \$ .

### **Determination of Offering Price**

Prior to this offering, there has not been a public market for our common stock. Consequently, the initial public offering price for our common stock will be determined by negotiations between us and the underwriters. Among the factors to be considered in these negotiations will be prevailing market conditions, our financial information, market valuations of other companies that we and the underwriters believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant.

We offer no assurances that the initial public offering price will correspond to the price at which the common stock will trade in the public market subsequent to the offering or that an active trading market for the common stock will develop and continue after the offering.

### **Listing**

We intend to apply to have our common stock 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**

We 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 \_\_\_\_\_ shares from us 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 and holders of substantially all of our outstanding capital stock and other securities 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

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- 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 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 180th day after the date of this prospectus.

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 180-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 shareholders who will execute a lock-up agreement, providing consent to the sale of shares prior to the expiration of the 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.

Neither we, nor 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.



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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 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.

### **Directed Share Program**

At our request, the underwriters have reserved for sale at the initial public offering price up to \_\_\_\_\_ shares of common stock for employees, directors and other persons associated with us who have expressed an interest in purchasing shares in the offering. The number of shares of common stock available for sale to the general public in the offering will be reduced to the extent these persons purchase the directed shares in the program. Any directed shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares. Except for certain participants who have entered into lock-up agreements as contemplated above, each person buying shares through the directed share program has agreed that, for a period of 180 days from and including the date of this prospectus, he or she will not, without the prior written consent of Jefferies LLC and Morgan Stanley & Co. LLC, dispose of or hedge any shares of common stock or any securities convertible into or exchangeable for shares of common stock with respect to shares purchased in the program. For those participants who have entered into lock-up agreements as contemplated above, the lock-up agreements contemplated therein shall govern with respect to their purchases of shares of common stock in the program. Jefferies LLC and Morgan Stanley & Co. LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with sales of the directed shares.

### **Conflicts of Interest**

An affiliate of Jefferies LLC is a lender under our Second Lien Term Loan Facility. As described in "Use of Proceeds," the net proceeds from this offering will be used to repay outstanding borrowings under our Second Lien Term Loan Facility and an affiliate of Jefferies LLC will receive more than 5% of the net proceeds of this offering due to the repayment of borrowings under the Second Lien Term Loan Facility. Therefore, such underwriter is deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Accordingly, this offering is being conducted in accordance with Rule 5121, which requires, among other things, that a "qualified independent underwriter" participate in the preparation of, and exercise the usual standards of "due diligence" with respect to, the registration statement and this prospectus. \_\_\_\_\_ has agreed to act as a qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 thereof. \_\_\_\_\_ will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act.

Pursuant to Rule 5121, Jefferies LLC will not confirm any sales to any account over which it exercises discretionary authority without the specific written approval of the account holder. See "Use of Proceeds" for additional information.

### **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

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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 under our Second Lien Credit Agreement. Additionally, an affiliate of Jefferies LLC acts as administrative agent and collateral agent under our First Lien Credit Agreement and under our Second 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.

Solebury Capital LLC (“Solebury”), a FINRA member, is acting as our financial advisor in connection with the offering. We expect to pay Solebury, upon the successful completion of this offering, a fee of \$        for its services, and, in our discretion, may pay Solebury an additional incentive fee of up to \$        . We have also agreed to reimburse Solebury for certain expenses incurred in connection with the engagement of up to \$25,000. Solebury is not acting as an underwriter and will not sell or offer to sell any securities and will not identify, solicit or engage directly with potential investors. In addition, Solebury will not underwrite or purchase any of the offered securities or otherwise participate in any such undertaking.

### **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, or 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

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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.

### ***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 being referred to as 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 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 report 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>.

Upon the effectiveness of the registration statement, we will be subject to the informational requirements of the Exchange Act, and, in accordance with the Exchange Act, will 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. We intend to make this information available on the investor relations section of our website, which is located at [www.elpolloloco.com](http://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



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

	December 25, 2013	December 26, 2012
<b>Assets</b>		
<b>Current assets:</b>		
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
<b>Total current assets</b>	26,830	28,854
<b>Property and equipment owned, net</b>	68,641	64,808
<b>Property held under capital lease, net</b>	180	244
<b>Goodwill</b>	249,324	249,924
<b>Domestic trademarks</b>	61,888	61,888
<b>Other intangible assets, net</b>	934	1,106
<b>Other assets</b>	8,703	11,074
<b>Total assets</b>	\$ 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
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
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
<b>Total current liabilities</b>	<b>39,295</b>	<b>38,859</b>
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
<b>Total liabilities</b>	<b>367,964</b>	<b>353,311</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity</b>		
Common stock, \$0.01 par value—10,000,000 shares authorized; 3,352,786 shares issued and outstanding	34	34
Additional paid-in capital	240,404	239,582
Accumulated deficit	(191,902)	(175,029)
<b>Total stockholders' equity</b>	<b>48,536</b>	<b>64,587</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 416,500</b>	<b>\$ 417,898</b>

See notes to consolidated financial statements.

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

<b>For the Years Ended</b>	<b>December 25, 2013</b>	<b>December 26, 2012</b>
<b>Revenue</b>		
Company-operated restaurant revenue	\$ 294,327	\$ 274,928
Franchise revenue	20,400	18,682
<b>Total revenue</b>	<b>314,727</b>	<b>293,610</b>
<b>Cost of operations</b>		
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
<b>Company restaurant expenses</b>	<b>232,408</b>	<b>220,470</b>
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
<b>Total expenses</b>	<b>272,735</b>	<b>260,558</b>
<b>Gain on disposition of restaurant</b>	<b>400</b>	<b>—</b>
<b>Income from operations</b>	<b>42,392</b>	<b>33,052</b>
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)
<b>Net loss</b>	<b>\$ (16,873)</b>	<b>\$ (7,865)</b>
<b>Net loss per share</b>		
Basic and diluted	\$ (5.03)	\$ (2.35)
<b>Weighted average shares used in computing net loss per share</b>		
Basic and diluted	3,352,786	3,352,736

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			
<b>Balance, December 28, 2011</b>	3,352,488	\$ 34	\$ 238,726	\$ (167,164)	\$ 71,596
Stock based compensation	—	—	860	—	860
Cash used for net stock option exercises	298	—	(4)	—	(4)
Net loss	—	—	—	(7,865)	(7,865)
<b>Balance, December 26, 2012</b>	3,352,786	34	239,582	(175,029)	64,587
Stock based compensation	—	—	822	—	822
Net loss	—	—	—	(16,873)	(16,873)
<b>Balance, December 25, 2013</b>	3,352,786	\$ 34	\$ 240,404	\$ (191,902)	\$ 48,536

See notes to consolidated financial statements.

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

<b>For the Years Ended</b>	<b>December 25, 2013</b>	<b>December 26, 2012</b>
<b>Cash flows from operating activities</b>		
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
<b>Net cash provided by operating activities</b>	<b>19,700</b>	<b>19,409</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposition of assets	35	—
Purchase of property and equipment	(13,822)	(14,993)
<b>Net cash flows used in investing activities</b>	<b>(13,787)</b>	<b>(14,993)</b>
<b>Cash flows from financing activities</b>		
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)	—
<b>Net cash flows used in financing activities</b>	<b>(10,385)</b>	<b>(1,920)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(4,472)</b>	<b>2,496</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>21,487</b>	<b>18,991</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 17,015</b>	<b>\$ 21,487</b>
<b>Supplemental cash flow information</b>		
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):

	<b>December 25, 2013</b>	<b>December 26, 2012</b>
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):

	<b>December 25, 2013</b>	<b>December 26, 2012</b>
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):

<b>For the Years Ending</b>	<b>Favorable Leasehold Interest</b>	<b>Unfavorable Leasehold Interest</b>
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):

<b>For the Years Ending</b>	<b>First Lien</b>	<b>Second Lien</b>
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)
<b>Total</b>	<b>\$ 189,090</b>	<b>\$ 99,038</b>

**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
<b>Total other accrued expenses and current liabilities</b>	<b>\$ 7,825</b>	<b>\$ 7,240</b>

**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
<b>Total noncurrent liabilities</b>	<b>\$ 8,044</b>	<b>\$ 9,208</b>

**10. INCOME TAXES**

The provision for income taxes is based on the following components (in thousands):

<b>For the Years Ended</b>	December 25, 2013	December 26, 2012
<b>Current income taxes:</b>		
Federal	\$ —	\$ 2
State	30	26
<b>Total current</b>	<b>30</b>	<b>28</b>
<b>Deferred income taxes:</b>		
Federal	1,037	1,013
State	334	986
<b>Total deferred</b>	<b>1,371</b>	<b>1,999</b>
	<b>\$ 1,401</b>	<b>\$ 2,027</b>

**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:

<b>For the Years Ended</b>	<b>December 25, 2013</b>	<b>December 26, 2012</b>
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
<b>Total</b>	<b>(9.5)%</b>	<b>(38.5)%</b>

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):

	<b>December 25, 2013</b>	<b>December 26, 2012</b>
<b>Deferred assets:</b>		
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
<b>Deferred liabilities:</b>		
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
<b>Current:</b>		
Liabilities	\$ (322)	\$ (334)
<b>Noncurrent:</b>		
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 389,791 and 405,490 shares, respectively, of common stock of the Company were outstanding. Included in the December 25, 2013 amount are 199,648 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

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

62,500 and 248,333 options with an exercise price of \$50 which is greater than the fair value of the common stock on the date of grant. The options generally expire 10 years from the date of grant. As of December 25, 2013, 240,833 premium options remain outstanding. In fiscal 2013 and 2012, the Company granted 31,250 and 124,167 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	67,303	\$ 83.38
Grants	372,500	40.83
Exercised	(945)	10.11
Forfeited, cancelled or expired	(33,368)	79.09
Outstanding—December 26, 2012	405,490	44.81
Grants	93,750	45.00
Exercised	—	—
Forfeited, cancelled or expired	(109,449)	42.68
Outstanding—December 25, 2013	389,791	\$ 45.46
Vested and expected to vest at December 25, 2013	389,791	\$ 45.46
Exercisable at December 25, 2013	199,648	\$ 45.88

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
\$ 15.48 – \$ 35.00	123,459	8.43	\$ 25.52	62,303	\$ 23.00
50.00 – 86.43	251,956	8.32	51.61	129,644	53.13
108.84 – 108.92	14,376	3.02	108.88	7,701	108.82
\$ 15.48 – \$108.92	389,791	8.16	\$ 45.46	199,648	\$ 45.88

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 644,694 shares of common stock for issuance in connection with stock options. As of December 25, 2013, 58,750 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 \$11.96 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 \$5.16 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 199,648 shares of common stock at prices ranging from \$15.48 to \$108.92 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 97,667 shares of common stock at prices ranging from \$15.48 to \$108.92 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):

<b>For the Years Ended</b>	<b>December 25, 2013</b>	<b>December 26, 2012</b>
<b>Numerator:</b>		
Net Loss	\$ (16,873)	\$ (7,865)
<b>Denominator:</b>		
Weighted average shares outstanding	3,352,786	3,352,736
Net Loss Per Share	\$ (5.03)	\$ (2.35)

**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.



**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, 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

## 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
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,394	\$ 4,480
<b>Total current assets</b>	4,394	4,480
<b>Investment in subsidiaries, net</b>	44,142	60,107
<b>Total assets</b>	\$ 48,536	\$ 64,587
<b>Liabilities and Stockholders' Equity</b>		
<b>Total liabilities</b>	—	—
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity</b>		
Common stock, \$0.01 par value—10,000,000 shares authorized; 3,352,786 shares issued and outstanding	34	34
Additional paid-in capital	240,404	239,582
Accumulated deficit	(191,902)	(175,029)
<b>Total stockholders' equity</b>	48,536	64,587
<b>Total liabilities and stockholders' equity</b>	\$ 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
<b>Revenue</b>		
Company-operated restaurant revenue	\$ —	\$ —
Franchise revenue	—	—
<b>Total revenue</b>	—	—
General and administrative expenses	912	950
<b>Total expenses</b>	912	950
<b>Loss from operations</b>	(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)
<b>Net loss</b>	\$ (16,873)	\$ (7,865)
<b>Net loss per share</b>		
Basic and diluted	\$ (5.03)	\$ (2.35)
<b>Weighted average shares used in computing net loss per share</b>		
Basic and diluted	3,352,786	3,352,736

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
<b>Balance, December 28, 2011</b>	3,352,488	\$ 34	\$ 238,726	\$ (167,164)	\$ 71,596
Stock based compensation	—	—	860	—	860
Cash used for net stock option exercises	298	—	(4)	—	(4)
Net loss attributable to El Pollo Loco Holdings, Inc., and subsidiaries' common stockholders	—	—	—	(7,865)	(7,865)
<b>Balance, December 26, 2012</b>	3,352,786	34	239,582	(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)
<b>Balance, December 25, 2013</b>	3,352,786	\$ 34	\$ 240,404	\$ (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)

<b>For the Years Ended</b>	<b>December 25, 2013</b>	<b>December 26, 2012</b>
<b>Cash flows from operating activities</b>		
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)
<b>Decrease in cash and cash equivalents</b>	<b>(86)</b>	<b>(75)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,480</b>	<b>4,555</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,394</b>	<b>\$ 4,480</b>

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.

**EL POLLO LOCO HOLDINGS, INC. AND SUBSIDIARIES**  
**INDEX TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Unaudited Consolidated Financial Statement**

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

	March 26, 2014	December 25, 2013
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 20,397	\$ 17,015
Restricted cash	125	131
Accounts and other receivables, net	5,436	5,906
Inventories	1,573	1,655
Prepaid expenses and other current assets	2,127	2,123
<b>Total current assets</b>	29,658	26,830
<b>Property and equipment owned, net</b>	70,703	68,641
<b>Property held under capital leases, net</b>	167	180
<b>Goodwill</b>	249,324	249,324
<b>Domestic trademarks</b>	61,888	61,888
<b>Other intangible assets, net</b>	893	934
<b>Other assets</b>	8,284	8,703
<b>Total assets</b>	\$ 420,917	\$ 416,500

See notes to condensed consolidated financial statements (unaudited).

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

	March 26, 2014	December 25, 2013
<b>Liabilities and Stockholder's Equity</b>		
<b>Current liabilities:</b>		
Current portion of senior secured term loan	\$ 1,900	\$ 1,900
Current portion of obligations under capital leases	256	267
Accounts payable	13,222	12,316
Accrued salaries and vacation	5,718	8,594
Accrued insurance	3,789	3,597
Accrued income taxes payable	206	27
Accrued interest	4,255	4,182
Accrued advertising	—	265
Deferred income taxes	322	322
Other accrued expenses and current liabilities	8,591	7,825
<b>Total current liabilities</b>	<b>38,259</b>	<b>39,295</b>
<b>Noncurrent liabilities:</b>		
First lien term loan, net of current portion	186,762	187,190
Second lien term loan	99,083	99,038
Obligations under capital leases, net of current portion	795	847
Deferred income taxes, net of current portion	31,861	31,623
Other intangible liabilities, net	1,831	1,927
Other noncurrent liabilities	8,151	8,044
<b>Total liabilities</b>	<b>366,742</b>	<b>367,964</b>
<b>Commitments and contingencies</b>		
<b>Stockholder's Equity</b>		
Common stock, \$0.01 par value—10,000,000 shares authorized; 3,352,786 shares issued and outstanding	34	34
Additional paid-in-capital	240,573	240,404
Accumulated deficit	(186,432)	(191,902)
<b>Total stockholder's equity</b>	<b>54,175</b>	<b>48,536</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 420,917</b>	<b>\$ 416,500</b>

See notes to condensed consolidated financial statements (unaudited).

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

	<b>Thirteen Weeks Ended</b>	
	<b>March 26, 2014</b>	<b>March 27, 2013</b>
<b>Revenue</b>		
Company-operated restaurant revenue	\$ 76,213	\$ 72,069
Franchise revenue	5,214	4,926
<b>Total revenue</b>	<b>81,427</b>	<b>76,995</b>
<b>Cost of operations</b>		
Food and paper cost	24,023	22,696
Labor and related expenses	19,313	19,070
Occupancy and other operating expenses	16,044	15,524
<b>Company restaurant expenses</b>	<b>59,380</b>	<b>57,290</b>
General and administrative expenses	6,630	6,193
Franchise expenses	983	969
Depreciation and amortization	2,595	2,404
Loss on disposal of assets	276	190
Asset impairment and closed store reserves	53	65
<b>Total expenses</b>	<b>69,917</b>	<b>67,111</b>
<b>Income from operations</b>	<b>11,510</b>	<b>9,884</b>
Interest expense, net	5,623	9,780
<b>Income before provision for income taxes</b>	<b>5,887</b>	<b>104</b>
Provision for income taxes	(417)	(164)
<b>Net income (loss)</b>	<b>\$ 5,470</b>	<b>\$ (60)</b>
<b>Net income (loss) per share</b>		
Basic	\$ 1.63	\$ (0.02)
Diluted	\$ 1.55	\$ (0.02)
<b>Weighted average shares used in computing net income (loss) per share</b>		
Basic	3,352,786	3,352,786
Diluted	3,531,878	3,352,786

See notes to condensed consolidated financial statements (unaudited).

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

	<b>Thirteen Weeks Ended</b>	
	<b>March 26, 2014</b>	<b>March 27, 2013</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 5,470	\$ (60)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,595	2,404
Stock-based compensation	169	85
Interest accretion	93	1,607
Loss on disposal of assets	276	190
Impairment of property and equipment	10	13
Closed store reserve	43	52
Amortization of deferred financing costs	389	530
Amortization of favorable and unfavorable leases, net	(55)	(55)
Deferred income taxes, net	417	137
Changes in operating assets and liabilities:		
Accounts and other receivables -net	430	(1,877)
Inventories	82	70
Prepaid expenses and other current assets	(4)	(853)
Income taxes payable	—	27
Other assets	31	35
Accounts payable	(323)	1,954
Accrued salaries and vacation	(2,877)	(2,606)
Accrued insurance	192	246
Other accrued expenses and liabilities	644	(4,975)
Net cash flows provided by (used in) operating activities	7,582	(3,076)
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(3,661)	(3,324)
Net cash flows used in investing activities	(3,661)	(3,324)
<b>Cash flows from financing activities:</b>		
Payment on senior secured loan	(475)	(425)
Payment of obligations under capital leases	(64)	(54)
Net cash flows used in financing activities	(539)	(479)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,382</b>	<b>(6,879)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>17,015</b>	<b>21,487</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 20,397</b>	<b>\$ 14,608</b>
<b>Supplemental cash flow information</b>		
Cash paid during the period for interest	\$ 5,003	\$ 12,226
Cash paid during the period for income taxes, net	\$ —	\$ —
Unpaid purchases of property and equipment	\$ 1,229	\$ 611

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

**EL POLLO LOCO HOLDINGS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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”. All intercompany balances and transactions are eliminated in consolidation. 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. At March 26, 2014, the Company operated 168 and franchised 233 El Pollo Loco restaurants.

The accompanying interim unaudited consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States (“U.S. GAAP”) for complete financial statements. In the opinion of the Company, all adjustments considered necessary for the fair presentation of the Company’s 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 the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 25, 2013 included in this prospectus.

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, which ended on December 25, 2013, was a 52-week year. Fiscal 2014, which will end December 31, 2014, is a 53-week year.

**Liquidity**

The Company’s principal liquidity requirements are to service its debt and meet capital expenditure needs. At March 26, 2014, the Company’s total debt was \$288.8 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 flow from operations, available cash of \$20.4 million at March 26, 2014 and available borrowings under the credit facility (which availability was approximately \$7.7 million at March 26, 2014), will be adequate to meet the Company’s liquidity needs for the next 12 months.

**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.

**Concentration of Risk**

The Company had two suppliers for which amounts due at March 26, 2014 and December 25, 2013 totaled 46% and 45% and 12% and 11%, respectively, of the Company’s accounts payable. Purchases from the same suppliers accounted for the majority of the Company’s purchases for the periods ended March 26, 2014 and March 27, 2013. Company-operated and franchised restaurants in the greater Los Angeles area generated, in the aggregate, approximately 80% of revenue for the thirteen week periods ended March 26, 2014 and March 27, 2013.

**EL POLLO LOCO HOLDINGS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**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.

**Goodwill and indefinite lived 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. The Company does not amortize its goodwill and indefinite lived intangible assets.

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 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 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.

The Company performs annual impairment reviews during the fourth fiscal quarter of each year or earlier if indicators of potential impairment exist. 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.

The Company did not identify any indicators of potential impairment during the first quarter of fiscal 2014 and therefore no impairment review was performed.

**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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (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 March 26, 2014 and December 25, 2013, respectively, and has not recognized interest and/or penalties during the thirteen week periods ended March 26, 2014 and March 27, 2013, 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.

**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.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09). The core principle of ASU 2014-09 is built on the contract between a vendor and a customer for the provision of goods and services, and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation. Public entities will apply the new standard for annual periods beginning after December 15, 2016, including interim periods therein. Three basic transition methods are available — full retrospective, retrospective with certain practical expedients, and a cumulative effect approach. Under the third alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. GAAP at the date of initial application (e.g. January 1, 2017) and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. That is, prior years would not be restated and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. GAAP. Early adoption is prohibited. The Company has not yet analyzed the impact of this accounting standard on its consolidated financial statements.

**EL POLLO LOCO HOLDINGS, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****2. PROPERTY AND EQUIPMENT**

The costs and related accumulated depreciation and amortization of major classes of property are as follows (in thousands):

	March 26, 2014	December 25, 2013
Land	\$ 13,186	\$ 13,186
Buildings and improvements	79,446	78,181
Other property and equipment	46,548	46,079
Construction in progress	2,843	815
	142,023	138,261
Less: accumulated depreciation and amortization	(71,319)	(69,620)
	\$ 70,703	\$ 68,641

Depreciation expense was \$2.6 million and \$2.4 million for the thirteen week periods ended March 26, 2014 and March 27, 2013, respectively. Gross value of assets under capital leases was \$1,884,000 at March 26, 2014 and December 25, 2013. Accumulated depreciation expense for assets under capital leases was \$1,717,000 and \$1,703,000 for the periods ended March 26, 2014 and December 25, 2013, respectively. For the thirteen week periods ended March 26, 2014, capital expenditures totaled \$3.7 million, which consisted of \$2.0 million for restaurant remodeling and \$0.8 million for new restaurant expenditures.

**3. STOCK-BASED COMPENSATION**

As of March 26, 2014, options to purchase 389,791 shares of common stock of the Company were outstanding, including 199,648 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. As of March 26, 2014, 240,833 premium options remain outstanding. There were no changes in stock options for the thirteen weeks ended March 26, 2014 from December 25, 2013.

As of March 26, 2014, there was total unrecognized compensation expense of \$0.7 million related to unvested stock options, which the Company expects to recognize over a weighted-average period of 1.5 years.

**4. 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.

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. 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 March 26, 2014 is \$863,000. 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.



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

The Revolver provides for a \$15 million revolving line of credit. At March 26, 2014, \$7.3 million of letters of credit are outstanding and \$7.7 million is available to borrow under the revolving line of credit.

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. 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 March 26, 2014 is \$917,000. 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.

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 March 26, 2014.

**5. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES**

Other accrued expenses and current liabilities consist of the following (in thousands):

	<b>March 26, 2014</b>	<b>December 25, 2013</b>
Accrued sales and property taxes	\$ 3,960	\$ 3,190
Other	4,631	4,635
<b>Total other accrued expenses and current liabilities</b>	<b>\$ 8,591</b>	<b>\$ 7,825</b>

**6. OTHER NONCURRENT LIABILITIES**

Other noncurrent liabilities consist of the following (in thousands):

	<b>March 26, 2014</b>	<b>December 25, 2013</b>
Deferred rent	\$ 6,717	\$ 6,648
Other	1,434	1,396
<b>Total noncurrent liabilities</b>	<b>\$ 8,151</b>	<b>\$ 8,044</b>

**7. 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. 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.

**EL POLLO LOCO HOLDINGS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

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 \$23.0 million.

We have two supplier contracts for our chicken which terminate in December 2014 and January 2015. The company entered these agreements in December 2013 at costs comparable to the terminated contracts. At March 26, 2014 our total commitment to purchase chicken was approximately \$23.4 million.

*Contingent Lease Obligations*

As a result of assigning our 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 March 26, 2014, the potential amount of undiscounted payments the Company could be required to make in the event of non-payment by the primary lessee was \$123,000. The present value of these potential payments discounted at the Company's estimated pre-tax cost of debt at March 26, 2014 was \$108,000. 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.

**8. NET INCOME (LOSS) PER SHARE**

Basic net income (loss) per share is calculated using the weighted average shares of common stock outstanding during the thirteen weeks ended March 26, 2014 and March 27, 2013. Diluted net income (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.

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

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated (in thousands, except for per share data):

<b>For the Thirteen Weeks Ended</b>	<b>March 26, 2014</b>	<b>March 27, 2013</b>
<b>Numerator:</b>		
Net income (loss)	\$ 5,470	\$ (60)
<b>Denominator:</b>		
Weighted average shares outstanding - basic	3,352,786	3,352,786
Weighted average shares outstanding - diluted	3,531,878	3,352,786
Net income (loss) per share - basic	\$ 1.63	\$ (0.02)
Net income (loss) per share - diluted	\$ 1.55	\$ (0.02)
Anti-dilutive securities not considered in diluted EPS Calculation	25,499	401,041

**9. 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 thirteen weeks ended March 26, 2014 and March 27, 2013, \$158,000 and \$155,000, respectively, were paid pursuant to this Agreement. These amounts are included in general and administrative expenses in the accompanying condensed consolidated statements of operations.

**10. SUBSEQUENT EVENTS**

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.

**Shares**



**El Pollo Loco Holdings, Inc.**

**Common Stock**

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**PRELIMINARY PROSPECTUS**

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*Joint Book-Running Managers*

**Jefferies**

**Morgan Stanley**

**Baird**

, 2014

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**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, the FINRA filing fee and the listing fee) payable by the registrant in connection with the distribution of our common stock:

SEC registration fee	\$	*
FINRA filing fee		*
listing fee		*
Printing and engraving expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Transfer agent and registrar fees and expenses		*
Miscellaneous		*
<b>Total</b>	<b>\$</b>	<b>*</b>

\* To be furnished by amendment.

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

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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 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.

Prior to completion of this offering, we intend to enter into separate amended and restated indemnification agreements with its directors and certain officers. Each indemnification agreement will provide, 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 will 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 securities 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 July 14, 2011, we issued 1,014,884.98 shares of our common stock to Trimaran Pollo Partners, L.L.C. for aggregate consideration of \$22,500,000. 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 November 17, 2011, we issued 621.66 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.
- (3) On February 27, 2012, Brian Carmichall exercised options to purchase 298 shares of our common stock at an exercise price of \$22.17 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.

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- (4) On March 28, 2014, Elizabeth Estis exercised options to purchase 342 shares of our common stock at an exercise price of \$79.75 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.

\* (i) 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.

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\* 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 \_\_\_\_\_, 2014.

El Pollo Loco Holdings, Inc.

By: Stephen J. Sather  
Title: Chief Executive Officer

**SIGNATURES AND POWER OF ATTORNEY**

We, the undersigned officers and directors of El Pollo Loco Holdings, Inc., hereby severally constitute and appoint Stephen J. Sather and Laurance Roberts (with full power to act alone), our true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution for him and in his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and any other registration statement for the same offering pursuant to Rule 462 under the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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.

<b>Name</b>	<b>Title</b>	<b>Date</b>
_____ Stephen J. Sather	Director, President and Chief Executive Officer (principal executive officer)	_____, 2014
_____ Laurance Roberts	Chief Financial Officer (principal financial and accounting officer)	_____, 2014
_____ Michael G. Maselli	Chairman and Director	_____, 2014
_____ Dean C. Kehler	Director	_____, 2014
_____ Wesley W. Barton	Director	_____, 2014
_____ John M. Roth	Director	_____, 2014
_____ Douglas K. Ammerman	Director	_____, 2014
_____ Samuel N. Borgese	Director	_____, 2014



**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
1.1	Form of Underwriting Agreement*
3.1	Amended and Restated Certificate of Incorporation of El Pollo Loco Holdings, Inc.*
3.2	Amended and Restated Bylaws of El Pollo Loco Holdings, Inc.*
4.1	Specimen stock certificate of El Pollo Loco Holdings, Inc.*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*
10.1	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
10.2	Second 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 and Jefferies Finance LLC
10.3	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
10.4	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.
10.5	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.
10.6	Second Amended and Restated Limited Liability Company Operating Agreement of Trimaran Pollo Partners, L.L.C., dated as of March 8, 2006
10.7	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
10.8	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
10.9	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
10.10	Monitoring and Management Services Agreement, dated November 18, 2005, between El Pollo Loco Holdings, Inc. (formerly Chicken Acquisition Corp.) and Trimaran Fund Management, L.L.C.
10.11	Amendment No. 1 to Management and Monitoring Agreement, dated as of December 26, 2007, by and between El Pollo Loco Holdings, Inc. (formerly Chicken Acquisition Corp.) and Trimaran Fund Management, L.L.C.
10.12	Form of Franchise Agreement
10.13	Form of Franchise Development Agreement
10.14	Amended and Restated Employment Agreement between Stephen J. Sather and El Pollo Loco, Inc.
10.15	Employment Agreement between Laurance Roberts and El Pollo Loco, Inc.
10.16	Employment Agreement between Kay Bogeajis and El Pollo Loco, Inc.
10.17	Employment Agreement between Edward Valle and El Pollo Loco, Inc.
10.18	2012 Stock Option Plan
10.19	Form of Award Agreement (Fair Market Value Options)
10.20	Form of Award Agreement (Premium Options)
10.21	Form of Indemnification Agreement between El Pollo Loco Holdings, Inc. and each of its directors and executive officers*
21.1	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)*
23.3	Consent of Technomic, Inc.*
24.1	Powers of Attorney (included on signature page to this registration statement)

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\* To be filed by amendment.

**FIRST LIEN CREDIT AGREEMENT**

**dated as of October 11, 2013**

**among**

**EL POLLO LOCO, INC.,  
as Borrower,**

**EPL INTERMEDIATE, INC.,**

**THE OTHER GUARANTORS PARTY HERETO,  
as Guarantors,**

**THE LENDERS PARTY HERETO,**

**JEFFERIES FINANCE LLC,**

**as Administrative Agent and Collateral Agent**

**and**

**GENERAL ELECTRIC CAPITAL CORPORATION,  
as Issuing Bank and Swing Line Lender**

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**JEFFERIES FINANCE LLC and GE CAPITAL MARKETS, INC.,  
as Joint Lead Arrangers,**

**JEFFERIES FINANCE LLC,  
as Sole Book Runner,**

**GENERAL ELECTRIC CAPITAL CORPORATION,  
as Documentation Agent**

**and**

**GOLUB CAPITAL LLC,  
as Syndication Agent**

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ANNEXES, SCHEDULES AND EXHIBITS

ANNEX

Annex I Initial Lenders and Commitments

SCHEDULES

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Schedule 1.01(c)	Subsidiary Guarantors
Schedule 1.01(d)	Pledgors
Schedule 1.01(e)	Closed Stores
Schedule 1.01(f)	Existing Letters of Credit
Schedule 3.05(b)	Real Property
Schedule 3.06(f)	Agreement and Orders Materially Affecting Intellectual Property
Schedule 3.07(a)	Subsidiaries
Schedule 3.07(c)	Corporate Organizational Chart
Schedule 3.19	Insurance
Schedule 3.20(c)	Offices for Filing Mortgages
Schedule 3.23	Bank Accounts; Deposit Accounts; Investment Accounts
Schedule 4.01(g)(ii)	Local Counsel (other than with respect to Mortgaged Properties)
Schedule 5.13(a)	Title Insurance Amounts
Schedule 6.01(b)	Existing Indebtedness
Schedule 6.02(c)	Existing Liens
Schedule 6.04(b)	Investments

EXHIBITS

Exhibit A	Form of Assignment and Acceptance
Exhibit B	Form of Borrowing Request
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Intercompany Note
Exhibit E	Form of Interest Election Request
Exhibit F	[Reserved]
Exhibit G	Form of LC Request
Exhibit H	Form of Fee Mortgage
Exhibit I-1	Form of Term Note
Exhibit I-2	Form of Revolving Note
Exhibit I-3	Form of Swing Line Note
Exhibit J-1	Form of Perfection Certificate
Exhibit J-2	Form of Perfection Certificate Supplement
Exhibit K	Form of Security Agreement
Exhibit L	Form of Non-Bank Certificate
Exhibit M	Form of Solvency Certificate
Exhibit N	Form of Management Fee Subordination Agreement
Exhibit O	Form of Intercreditor Agreement



## FIRST LIEN CREDIT AGREEMENT

This FIRST LIEN CREDIT AGREEMENT (the “**Agreement**”) dated as of October 11, 2013, among EL POLLO LOCO, INC., a Delaware corporation (“**Borrower**”), EPL INTERMEDIATE, INC., a Delaware corporation (“**Parent**”), the Subsidiary Guarantors, the Lenders, JEFFERIES FINANCE LLC as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”), as collateral agent for the Secured Parties (in such capacity, the “**Collateral Agent**”), GENERAL ELECTRIC CAPITAL CORPORATION, as issuing bank for the Lenders (the “**Issuing Bank**”) and as swing line lender (the “**Swing Line Lender**”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

### WITNESSETH:

WHEREAS, Borrower has requested the Lenders to extend credit in the form of (a) Term Loans on the Closing Date, in an aggregate principal amount of \$190,000,000, and (b) Revolving Loans at any time and from time to time prior to the Revolving Maturity Date, in an aggregate principal amount at any time outstanding, together with the stated amount of all outstanding Letters of Credit, not in excess of \$15,000,000 (which shall include a Swing Line Loan sub-facility in an aggregate principal amount not in excess of \$5,000,000), which will remain undrawn on the Closing Date (other than outstanding Letters of Credit).

WHEREAS, Borrower has requested the Issuing Bank to issue letters of credit, in an aggregate face amount at any time outstanding not in excess of \$10,000,000 to support payment obligations incurred by Borrower and its Subsidiaries.

WHEREAS, in connection with the Transactions, on the Closing Date, Borrower shall enter into the Second Lien Credit Agreement and incur Second Lien Term Loans in the aggregate principal face amount equal to \$100,000,000 or such lesser amount as may be designated by Borrower in its sole discretion.

WHEREAS, the Borrower intends to use the proceeds of the Term Loans and the Second Lien Term Loans on the Closing Date to fund the payment-in-full of or satisfaction and discharge in full of, and discharge of all obligations under, the Existing Debt (and the release of all Liens, if any, with respect thereto) pursuant to the Existing Debt Repayment Documents.

WHEREAS, the proceeds of the Loans are to be used in accordance with Section 3.12.

WHEREAS, the provisions of this Agreement and the other Loan Documents, on the one hand, and the Second Lien Credit Agreement, the Second Lien Term Loans and the other Second Lien Loan Documents (as between the Secured Parties and the “Second Lien Secured Parties” as defined in the Intercreditor Agreement), on the other hand, are subject to the terms of the Intercreditor Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and in the other Loan Documents, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I.**

**DEFINITIONS**

Section 1.01 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings specified below:

“**ABR**” when used in reference to any Loan or Borrowing, is used when such Loan comprising such Borrowing is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**ABR Borrowing**” shall mean a Borrowing comprised of ABR Loans.

“**ABR Loan**” shall mean any ABR Term Loan, ABR Revolving Loan or ABR Swingline Loan.

“**ABR Revolving Loan**” shall mean any Revolving Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**ABR Swingline Loan**” shall mean any Swingline Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**ABR Term Loan**” shall mean any Term Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**Acquisition Consideration**” shall mean the purchase consideration for a Permitted Acquisition and all other payments (but excluding any related acquisition fees, costs and expenses incurred in connection with any Permitted Acquisition), directly or indirectly, by any Company in exchange for, or as part of, a Permitted Acquisition, whether paid in cash or by exchange of Equity Interest or of any Property or otherwise and whether payable at or prior to the consummation of a Permitted Acquisition or deferred for payment at any future time; *provided* that any such future payment that is subject to a contingency shall be considered Acquisition Consideration only to the extent of the reserve, if any, required under GAAP (as determined at the time of the consummation of such Permitted Acquisition) to be established in respect thereof by Parent or any of its Subsidiaries.

“**Additional Lender**” shall have the meaning assigned to such term in Section 2.19.

“**Adjusted LIBOR Rate**” shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the greater of (a) (i) an interest rate *per annum* (rounded upward, if necessary, to the next 1/100th of 1%) determined by the Administrative Agent to be equal to the LIBOR Rate for such Eurodollar Borrowing in effect for such Interest Period divided by (ii) 1 *minus* the Statutory Reserves (if any) for such Eurodollar Borrowing for such Interest Period and (b) 1.00%.

“**Administrative Agent**” shall have the meaning assigned to such term in the preamble hereto and includes each other person appointed as the successor administrative agent pursuant to Article X.

“**Administrative Agent Fees**” shall have the meaning assigned to such term in Section 2.05(b).

“**Administrative Questionnaire**” shall mean an administrative questionnaire in the form supplied from time to time by the Administrative Agent.

“**Advisors**” shall mean legal counsel (including local and foreign counsel, but excluding in-house counsel), auditors, accountants, consultants, appraisers, engineers or other advisors.

“**Affiliate**” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified; *provided, however*, that, for purposes of Section 6.09, the term “Affiliate” shall also include (i) any person that directly or indirectly owns more than 15% of any class of Equity Interests of the person specified or (ii) any person that is an officer or director of the person specified. For purposes of this Agreement, Jefferies LLC and its Affiliates shall be deemed to be Affiliates of Jefferies Finance LLC.

“**Affiliated Debt Fund**” shall mean a bona fide debt fund that is an Affiliate of the Sponsor, and that is primarily engaged in, or advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, notes, bonds and similar extensions of credit or securities in the ordinary course of its business and whose managers have fiduciary duties to the investors thereof independent of and in addition to their duties to the Sponsor or any of their respective Affiliates.

“**Agency Fee Letter**” shall mean the Agency Fee Letter between the Borrower and the Administrative Agent, dated as of the date hereof.

“**Agents**” shall mean the Joint Lead Arrangers, the Documentation Agent, the Syndication Agent, the Sole Book Runner, the Administrative Agent and the Collateral Agent; and “**Agent**” shall mean any of them, as the context may require.

“**Agreement**” shall have the meaning assigned to such term in the preamble hereto.

“**Alternate Base Rate**” shall mean, for any day, a rate *per annum* (rounded upward, if necessary, to the next 1/100th of 1%) equal to the greatest of (a) the Base Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day *plus* 0.50% and (c) except during the Eurodollar Unavailability Period, the Adjusted LIBOR Rate for a Eurodollar Loan with a one-month interest period (as determined by the Administrative Agent) *plus* 1.00%. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Base Rate, the Federal Funds Effective Rate or the then applicable Adjusted LIBOR Rate shall be effective on the effective date of such change in the Base Rate, the Federal Funds Effective Rate or the then applicable Adjusted LIBOR Rate, respectively.

“**Anti-Terrorism Laws**” shall have the meaning assigned to such term in Section 3.21.

“**Applicable Margin**” shall mean, for any day, for each Type of Loan, the rate per annum set forth under the relevant column heading below:

	<u>ABR Loans</u>	<u>Eurodollar Loans</u>
Revolving Loans	3.25%	4.25%
Term Loans	3.25%	4.25%

“**Approved Fund**” shall mean any person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or investing in bank and other commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Asset Sale**” shall mean (a) any Disposition of property, by any Company and (b) any issuance, sale or other Disposition of any Equity Interests of any Subsidiary of Parent, in each case, to any person other than a Loan Party. Notwithstanding the foregoing, none of the following shall constitute “Asset Sales”: (i) any disposition of assets permitted by, or expressly referred to in, Sections 6.04(c), 6.04(k), 6.05(a), 6.05(d), 6.05(e), 6.06(a), 6.06(c), 6.06(d), 6.06(g), 6.06(h), 6.06(i), 6.06(j), 6.06(k), 6.06(n), 6.06(o) and 6.06(p) or (ii) solely for purposes of clause (a) above, all other Dispositions of property, by any Company for Fair Market Value resulting in an aggregate amount not to exceed (x) \$2,000,000 in Net Cash Proceeds for any individual Disposition (or series of related Dispositions) and (y) \$4,000,000 in Net Cash Proceeds in the aggregate for any fiscal year.

“**Assignment and Acceptance**” shall mean an assignment and acceptance entered into by a Lender, as assignor and an assignee (with the consent of any party whose consent is required pursuant to Section 11.04(b)), and accepted by the Administrative Agent, substantially in the form of Exhibit A, or such other form as shall be approved by the Administrative Agent.

“**Attributable Indebtedness**” shall mean, when used with respect to any Sale and Leaseback Transaction, as at the time of determination, the present value (discounted at a rate equivalent to Borrower’s then-current weighted average cost of funds for borrowed money as at the time of determination, compounded on a semi-annual basis) of the total obligations of the lessee for rental payments (and substantially similar payments) during the remaining term of the lease included in any such Sale and Leaseback Transaction.

“**Available Amount**” shall mean, on any date of determination (the “**Reference Date**”), the sum of (without duplication):

(a) the Available Retained ECF Amount on such Reference Date; *plus*

(b) an amount determined on a cumulative basis equal to the Net Cash Proceeds received by the Parent or Borrower from Eligible Equity Issuances, to the extent Not Otherwise Applied; *plus*

(c) an amount determined on a cumulative basis equal to the Net Cash Proceeds received by the Borrower from the consummation of an IPO, to the extent Not Otherwise Applied; *minus*

(d) the aggregate amount of (i) Investments made pursuant to Section 6.04(v) using the Available Amount, (ii) Capital Expenditures made pursuant to Section 6.07(b), (iii) Dividends made pursuant to Section 6.08(i) using the Available Amount, and (iv) prepayment of indebtedness pursuant to Section 6.11(a), in each case during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date (without taking account of the intended usage of the Available Amount on such Reference Date); for purposes of calculating the “Available Amount”, the deduction required by this clause (d) shall be deemed first to reduce clause (a) above, then, to the extent of any excess, clause (b) above and then, to the extent of any excess, clause (c) above.

“**Available Retained ECF Amount**” shall mean, at any date of determination, the portion of Excess Cash Flow, determined on a cumulative basis for each Excess Cash Flow Period, that was not required to be applied to prepay Term Loans pursuant to Section 2.10(h).

“**Bankruptcy Proceedings**” shall have the meaning assigned to such term in Section 11.04(b)(vii)(E).

**“Base Rate”** shall mean, for any day, the prime rate published in *The Wall Street Journal* for such day; *provided* that if *The Wall Street Journal* ceases to publish for any reason such rate of interest, **“Base Rate”** shall mean the prime lending rate as set forth on the Bloomberg page PRIMBB Index (or successor page) for such day (or such other service as determined by the Administrative Agent from time to time for purposes of providing quotations of prime lending interest rates); each change in the Base Rate shall be effective on the date such change is effective. The prime rate is not necessarily the lowest rate charged by any financial institution to its customers.

**“Beneficial Owner”** shall have the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time except following an initial public offering of equity of Borrower or any direct or indirect parent of Borrower. The term “beneficial ownership” has a corresponding meaning.

**“Board”** shall mean the Board of Governors of the Federal Reserve System of the United States.

**“Board of Directors”** shall mean, with respect to any person, (i) in the case of any corporation, the board of directors of such person, (ii) in the case of any limited liability company, the board of managers or board of directors, as applicable, of such person, or if such limited liability company does not have a board of managers or board of directors, the functional equivalent of the foregoing, (iii) in the case of any partnership, the board of directors or board of managers, as applicable, of the general partner of such person and (iv) in any other case, the functional equivalent of the foregoing.

**“Borrower”** shall have the meaning assigned to such term in the preamble hereto.

**“Borrowing”** shall mean Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

**“Borrowing Request”** shall mean a request by Borrower in accordance with the terms of Section 2.03 or 2.18(b), in each case as applicable, and substantially in the form of Exhibit B, or such other form as shall be approved by the Administrative Agent.

**“Business Day”** shall mean any day other than a Saturday, Sunday or other day on which banks in New York City are authorized or required by law to close; *provided, however*, that when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

**“Capital Expenditures”** shall mean, without duplication, any expenditure or commitment to expend money for any purchase or other acquisition of any asset including capitalized leasehold improvements, which would be classified as a fixed or capital asset on a consolidated balance sheet of Borrower and its Subsidiaries prepared in accordance with GAAP, but excluding expenditures (i) made in connection with the replacement, substitution or restoration of property pursuant to Section 2.10(g), (ii) which constitute purchase consideration for Permitted Acquisitions, (iii) expenditures to the extent reimbursed or paid (or reasonably anticipated to be reimbursed or paid) within 60 days of incurrence (including, without limitation, landlord allowances, which for the avoidance of doubt may be in form of contributions or rent reductions), except that landlord allowances that are in the nature of (x) actual cash reimbursement(s) for new restaurants, may be provided not later than the earliest to occur of (I) 60 days of opening of each such new Restaurant and (II) the date for such reimbursement as set forth in the applicable lease and (y) rent reductions for new Restaurants may be provided over a period of twenty-four (24) months by a person who is not a Company (or any of Affiliates thereof) in the ordinary course of

business, (iv) for equipment or other fixed assets that are purchased in the ordinary course of business substantially contemporaneously with the trade-in of existing equipment in the ordinary course of business to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded-in at such time, (v) so long as no Default or Event of Default under Section 8.01(m) has occurred and is continuing or would immediately thereafter result therefrom, expenditures funded directly with the net cash proceeds of issuances of Qualified Capital Stock of Holdings to its shareholders and only to the extent that the net cash proceeds of such issuances of Qualified Capital Stock are substantially contemporaneously contributed to Parent as cash and substantially contemporaneously, thereafter, contributed by Parent to Borrower as cash (to the extent not otherwise required to be applied to prepay the Loans in accordance with Section 2.10) or (vi) which constitute capitalized interest expense.

“**Capital Expenditure Amount**” shall have the meaning assigned to such term in Section 6.10(c).

“**Capital Lease**” shall mean, with respect to any person, any lease of, or other arrangement conveying the right to use, any property by such person as lessee that has been or should be accounted for as a capital lease on a balance sheet of such person prepared in accordance with GAAP.

“**Capital Lease Obligations**” of any person shall mean the obligations of such person to pay rent or other amounts under any Capital Lease, any lease entered into as part of any Sale and Leaseback Transaction (solely to the extent such lease is required to be accounted for, on the balance sheet of such person, as a Capital Lease under GAAP) or any Synthetic Lease, or a combination thereof, which obligations are (or would be, if such Synthetic Lease were accounted for as a Capital Lease) required to be classified and accounted for as Capital Leases on a balance sheet of such person under GAAP, and the amount of such obligations shall be the capitalized amount thereof (or the amount that would be capitalized, if such Synthetic Lease were accounted for as a Capital Lease) determined in accordance with GAAP.

“**Capital Requirements**” shall mean, as to any person, any matter, directly or indirectly, (i) regarding capital adequacy, capital ratios, capital requirements, the calculation of such person’s capital or similar matters, or (ii) affecting the amount of capital required to be obtained or maintained by such person or any person controlling such person (including any holding company), or the manner in which such person or any person controlling such person (including any holding company), allocates capital to any of its contingent liabilities (including letters of credit), advances, acceptances, commitments, assets or liabilities.

“**Capital Stock**” shall mean: (1) in the case of a corporation, corporate stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and (4) any other equity interest or equity participation similar to an equity interest that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person (excluding, for the purpose of this clause (4), any contractual bonus or performance earn-out payments (in each case, to the extent not involving the grant, payment, issuance or transfer of any item set forth in preceding clauses (1), (2) or (3) or the grant, payment, issuance or transfer of any options or warrants or similar instruments), but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock, and, including, in each case, Preferred Stock.

“**Capitalization Rate**” shall mean the rate of interest used to convert a series of future payments or a stream of payments into a single present value.

“**Cash Collateralized**” shall mean, with respect to any Letter of Credit, as of any date, that Borrower shall have deposited in the LC Sub-Account, in the name of the Collateral Agent and for the benefit of the Revolving Lenders, an amount in cash equal to 105% of the LC Exposure as of such date plus any accrued and unpaid interest thereon. “**Cash Collateralize**” and “**Cash Collateralization**” shall have the correlative meaning.

“**Cash Equivalents**” shall mean: (1) United States dollars; (2) securities or any evidence of indebtedness issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities or such evidence of indebtedness); (3) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any Lender or with any domestic commercial bank having capital and surplus in excess of \$500,000,000 and a Thomson Bank Watch Rating of “B” or better; (4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above; (5) commercial paper having one of the two highest ratings obtainable from Moody’s Investors Service, Inc. or Standard & Poor’s Rating Services and in each case maturing within twelve months after the date of acquisition; (6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and (7) securities with maturities of one (1) year or less from the date of acquisition backed by a standby letter of credit issued by any Lender or any commercial bank satisfying the requirements of clause (2) above.

“**Cash Interest Expense**” shall mean, for any period, Consolidated Interest Expense for such period, *less* the sum of (a) to the extent included in the calculation of Consolidated Interest Expense, interest on any debt paid by the increase in the principal amount of such debt including by issuance of additional debt of such kind or the accretion or capitalization of interest as principal and (b) items described in clause (c) or, other than to the extent paid in cash or Cash Equivalents, clauses (b), (c), (d), (e) and (f) of the definition of “Consolidated Interest Expense” *minus*, any cash interest income earned and actually received in cash by the Borrower or its Subsidiaries for such period. For purpose of any Test Period that requires utilizing a number for Cash Interest Expense, Cash Interest Expense for all purposes under this Agreement for each of the fiscal quarters from and including the fourth quarter ending December 26, 2012 through and including the third fiscal quarter ending September 25, 2013 shall be \$4,868,750.

“**Casualty Event**” shall mean any involuntary loss of title or any involuntary loss of or damage to or any destruction of, or any condemnation or other taking (including by any Governmental Authority) of, any property of any Company; provided that any such event resulting in Net Cash Proceeds not exceeding \$2,000,000 per such event and \$4,000,000 for all such events (or series of related events) in any fiscal year, shall not be deemed a “Casualty Event”. “Casualty Event” shall include any taking of all or any part of any Real Property of any person or any part thereof, in or by condemnation or other eminent domain proceedings pursuant to any Legal Requirement, or by reason of the temporary requisition of the use or occupancy of all or any part of any Real Property of any person or any part thereof by any Governmental Authority, or any settlement in lieu thereof.

“**CERCLA**” shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 *et seq.*”

“**Change in Control**” shall mean the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any “person” (as defined below), other than the Principal and its Related Parties, becomes the Beneficial

Owner, directly or indirectly, of more than 50% of the Voting Stock of Parent, measured by voting power rather than number of shares; (2) prior to an IPO of Parent or any direct or indirect parent of Parent, during any period of 24 consecutive months, a majority of the members of the Board of Directors of Parent cease to be composed of individuals (i) who were members of that Board of Directors at the commencement of such period, (ii) whose election or nomination to that Board of Directors was approved by individuals referred to in preceding clause (i) constituting at the time of such election or nomination at least a majority of that Board of Directors or (iii) whose election or nomination to that Board of Directors was approved by individuals referred to in preceding clauses (i) and (ii) constituting at the time of such election or nomination at least a majority of that Board of Directors (excluding, in the case of both preceding clauses (i) and (ii), any individual whose initial nomination for, or assumption of office as, a member of that Board of Directors occurs as a result of an actual (or threatened) solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board of Directors); (3) after an IPO of Parent or any direct or indirect parent of Parent, the first day on which a majority of the members of the Board of Directors of Parent are not Continuing Directors; (4) Parent shall cease to beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the Equity Interests of Borrower; or (5) a “change of control” (or similar term), as defined in the Second Lien Credit Agreement shall occur.

“**Change in Law**” shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, policy, or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“**Charges**” shall have the meaning assigned to such term in Section 11.13.

“**Claims**” shall have the meaning assigned to such term in Section 11.03(b).

“**Class**” subject to Sections 2.20 and 2.21, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans or Swing Line Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment, Term Loan Commitment or Swing Line Commitment.

“**Closing Date**” shall mean the date of the initial Credit Extension hereunder.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Collateral**” shall mean, collectively, all of the Security Agreement Collateral, the Mortgaged Property and all other property of whatever kind and nature, whether now existing or hereafter acquired, pledged or purported to be pledged as collateral or otherwise subject to a security interest or purported to be subject to a security interest under any Security Document.

“**Collateral Account**” shall mean one or more collateral accounts or sub-accounts established and maintained from time to time by the Collateral Agent for the benefit of the Secured Parties, in accordance with the provisions of Section 9.01.



“**Collateral Agent**” shall have the meaning assigned to such term in the preamble hereto.

“**Commercial Letter of Credit**” shall mean any letter of credit issued for the purpose of providing credit support to the sellers of materials, goods or services to Borrower or any of its Wholly Owned Subsidiaries in the ordinary course of their respective businesses.

“**Commitment**” shall mean, with respect to any Lender, such Lender’s Revolving Commitment, Term Loan Commitment or Swing Line Commitment.

“**Commitment Fee**” shall have the meaning assigned to such term in Section 2.05(a).

“**Commodity Exchange Act**” shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“**Communications**” shall have the meaning assigned to such term in Section 11.01(d).

“**Companies**” shall mean Parent and its Subsidiaries; and “**Company**” shall mean any one of them.

“**Compliance Certificate**” shall mean a certificate of a Financial Officer of Parent substantially in the form of Exhibit C.

“**Consolidated Amortization Expense**” shall mean, for any period, the amortization expense of Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“**Consolidated Current Assets**” shall mean, as at any date of determination, the total assets of Borrower and its Subsidiaries which may properly be classified as current assets on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (excluding cash and Cash Equivalents).

“**Consolidated Current Liabilities**” shall mean, as at any date of determination, the total liabilities of Borrower and its Subsidiaries which may properly be classified as current liabilities on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (excluding the current portion of debt).

“**Consolidated Depreciation Expense**” shall mean, for any period, the depreciation expense of Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“**Consolidated EBITDA**” shall mean, for any period, Consolidated Net Income for such period, adjusted by (x) adding thereto, without duplication, in each case only to the extent (and in the same proportion) deducted in determining such Consolidated Net Income during such period:

- (a) Consolidated Interest Expense for such period;
- (b) Consolidated Amortization Expense for such period;
- (c) Consolidated Depreciation Expense for such period;
- (d) Consolidated Tax Expense for such period;

- (e) the aggregate amount of Permitted Parent Payments paid with respect to such period;
- (f) the aggregate amount of all fees, costs and expenses during such period relating to any Equity Issuance (including any IPO), Investments (other than Permitted Acquisitions), Debt Issuance (including a refinancing thereof, whether or not successful) or repayment of Indebtedness, recapitalization, amendment or modification, Asset Sale or other Dispositions;
- (g) the aggregate amount of all other non-cash charges, write-downs, losses, impairments or expenses reducing Consolidated Net Income (excluding any non-cash charge, impairment or expense that results in an accrual of a reserve for cash charges, impairments or expense in any future period or the amortization of a prepaid cash item that was paid in a prior period);
- (h) the aggregate amount of all non-cash costs and expenses relating to any equity-based compensation or equity-based incentive plan or any stock subscription or shareholder agreement of the Borrower or any of its Subsidiaries for such period;
- (i) the aggregate amount of all fees, costs and expenses paid or otherwise incurred or payable in connection with the Transactions (including amortization or write-off of debt discount and debt issuance costs, discounts and other fees and charges associated with the pre-payment of Existing Debt);
- (j) the aggregate amount of all net losses from discontinued operations (that are accounted for as such under GAAP) incurred during such period;
- (k) the aggregate amount of all fees, costs and expenses incurred during such period in connection with any proposed or actual Permitted Acquisition;
- (l) the aggregate amount of all new Restaurant pre-opening and opening costs incurred during such period and documented to the reasonable satisfaction of the Administrative Agent;
- (m) the aggregate amount of all non-cash charges arising with respect to any “mark-to-market” adjustments or other charges incurred in connection with any Hedging Agreements during such period;
- (n) the aggregate amount of all rent expense recorded during such period in accordance with GAAP;
- (o) the aggregate amount of all fees, costs and expenses paid, or accrued, during such period by the Borrower and its Subsidiaries in connection with (i) Existing Litigation (including with respect to the accrual of the settlement thereof) during such period by the Borrower and its Subsidiaries, (ii) in connection with other litigation in the ordinary course of business not to exceed \$1,000,000 during such period and (iii) other non-recurring litigation (including with respect to the accrual of the settlement thereof) not to exceed \$2,000,000 during such period;
- (p) the aggregate amount, without duplication, of all charges and losses during such period relating to (i) operating losses and any reserves established for closed Restaurant liabilities in respect of the Restaurants planned to be closed and listed on Schedule 1.01(e) and (ii) any reserves established and/or adjustments to such reserves for closed Restaurant liabilities for Restaurants not listed on Schedule 1.01(e) not to exceed \$750,000 during such period;

(q) the aggregate amount of costs and expenses related to the administration of this Agreement and the other Loan Documents and the Second Lien Loan Documents and paid or reimbursed to the Administrative Agent, the Collateral Agent or any of the Lenders or other third parties paid or engaged by the Administrative Agent, the Collateral Agent or any of the Lenders (including, and together with, S&P and Moody's in order to comply with the terms of [Section 11.03](#)) or paid by any of the Loan Parties;

(r) the amount of "run rate" cost savings and synergies projected by the Borrower in good faith to be realized as a result of specified actions taken or expected in good faith to be taken within twelve (12) months following the end of such period (calculated on a pro forma basis as though such cost savings and synergies had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such action; provided that such cost savings and synergies are reasonably identifiable, factually supportable and certified by the chief financial officer or treasurer of the Borrower;

(s) costs (including restructuring costs related to acquisitions after the Closing Date), charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings or synergies initiatives;

(t) the aggregate amount of expenses or losses incurred by Borrower or its Subsidiaries relating to business interruption to the extent covered by insurance and actually reimbursed or to be reimbursed or otherwise paid to the Borrower or its Subsidiaries;

(u) the aggregate amount of non-recurring fees, costs, charges and expenses (including, but not limited to, integration costs, search fees, relocation costs and severance costs for senior management, abandoned new site costs and restructuring costs) during such period not to exceed \$500,000 during such period; and

(v) any non-recurring fees, costs or expenses for such period incurred in connection with a Permitted Acquisition or any Investment, Disposition, Dividend, incurrence of (or amendments or modifications to) Indebtedness or issuance of Equity Interests, in each case, permitted under this Agreement (in each case, including any such transaction undertaken but not completed).

(y) subtracting therefrom the aggregate amount of (A) all non-cash charges increasing Consolidated Net Income (other than the accrual of revenue or recording of receivables in the ordinary course of business) for such period, (B) all net gains from discontinued operations (that are accounted for as such under GAAP) incurred during such period, (C) all cash rent paid or to be paid related to such period, (E) all reversals of reserves established for closed Restaurant liabilities and (D) all non-cash gains arising with respect to any "mark-to-market" adjustments incurred in connection with any Hedging Agreements during such period.

The aggregate amount of add-backs made pursuant to clauses (l), (r) and (s) above in any Test Period shall not exceed 15.0% of Consolidated EBITDA (prior to giving effects to such add-backs) for such Test Period.

Notwithstanding anything to the contrary in this Agreement, Consolidated EBITDA is defined as follows for the following fiscal quarters; *provided* that if any Permitted Acquisition or Disposition is consummated during a Test Period that includes any fiscal quarter referred to below, then Consolidated EBITDA for such fiscal quarter shall be adjusted on a Pro Forma Basis in accordance with [Section 1.05](#).

<b>Fiscal Quarter</b>	<b>Consolidated EBITDA</b>
March 31, 2013	\$ 12,922,018
June 30, 2013	\$ 15,785,582
September 30, 2013	\$ 13,826,000

**“Consolidated First Lien Debt”** shall mean, as at any date of determination, without duplication, the aggregate amount of all Indebtedness of Borrower and its Subsidiaries that, in each case, is then secured by first priority Liens on property or assets of Borrower and its Subsidiaries (other than property or assets held in a defeasance or similar trust or arrangement for the benefit of the Indebtedness secured thereby), determined on a consolidated basis in accordance with GAAP; *minus* (to the extent otherwise included therein), without duplication:

(a) Indebtedness of the type described in clause (g) of the definition of Indebtedness and Attributable Indebtedness permitted under Section 6.01 with respect to Sale and Leaseback Transactions permitted pursuant to Section 6.03; and

(b) any amount issued under a Letter of Credit, excluding any amount then due thereunder (including all outstanding reimbursement obligations thereunder).

**“Consolidated Indebtedness”** shall mean, as at any date of determination, without duplication, the aggregate amount of all Indebtedness of Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; *minus* (to the extent otherwise included therein), without duplication:

(a) Indebtedness of the type described in clause (g) of the definition of Indebtedness and Attributable Indebtedness permitted under Section 6.01 with respect to Sale and Leaseback Transactions permitted pursuant to Section 6.03; and

(b) any amount issued under a Letter of Credit, excluding any amount then due thereunder (including all outstanding reimbursement obligations thereunder).

**“Consolidated Interest Coverage Ratio”** shall mean, for any Test Period, the ratio of (x) Consolidated EBITDA for such Test Period to (y) Cash Interest Expense for such Test Period.

**“Consolidated Interest Expense”** shall mean, for any period, the total consolidated interest expense of Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP *plus*, without duplication:

(a) imputed interest on Capital Lease Obligations and Attributable Indebtedness of Borrower and its Subsidiaries for such period;

(b) commissions, discounts and other fees and charges owed by Borrower or any of its Subsidiaries with respect to letters of credit securing financial obligations, bankers' acceptance financing, receivables financings and similar credit transactions for such period;

(c) cash contributions to any employee stock ownership plan or similar trust made by Borrower or any of its Subsidiaries to the extent such contributions are used by such plan or trust to pay interest or fees to any person (other than Borrower or any of its Wholly Owned Subsidiaries) in connection with Indebtedness incurred by such plan or trust for such period;

(d) all interest paid or payable with respect to discontinued operations of Borrower or any of its Subsidiaries for such period;

(e) the interest portion of any deferred payment obligations of Borrower or any of its Subsidiaries for such period; and

(f) all interest on any Indebtedness of Borrower or any of its Subsidiaries of the type described in clause (e) or (j) of the definition of “Indebtedness” for such period;

*provided* that (a) to the extent directly related to the Transactions, debt issuance costs, debt discount or premium and other financing fees, expenses and the amortization thereof shall be excluded from the calculation of Consolidated Interest Expense and (b) Consolidated Interest Expense shall be calculated after giving effect to Hedging Agreements (including associated costs) intended to protect against fluctuations in interest rates, but excluding unrealized gains and losses with respect to any such Hedging Agreements.

“**Consolidated Net Income**” shall mean, for any period, the consolidated net income (or loss) of Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP; *provided* that there shall be excluded from such net income (to the extent otherwise included therein), without duplication:

(a) the net income (or loss) of any person (other than a Subsidiary of Borrower) in which any person other than Borrower or any of its Subsidiaries has an ownership interest, except to the extent that cash in an amount equal to any such income has actually been received by Borrower or (subject to clause (b) below) any of its Wholly Owned Subsidiaries from such person during such period;

(b) the net income of any Subsidiary of Borrower during such period to the extent that the declaration and/or payment of dividends or similar distributions by such Subsidiary of that income is not permitted by operation of the terms of its Organizational Documents or any agreement, instrument, Order or other Legal Requirement (other than any Legal Requirement with respect to minimum capitalization or similar (or related) doctrine or other requirement under Insolvency Laws or otherwise) applicable to that Subsidiary or its equityholders during such period;

(c) earnings (or losses) resulting from any reappraisal, revaluation or write-up (or write-down) of assets;

(d) the cumulative effect of a change in accounting principles will be excluded;

(e) any extraordinary or non-recurring gain (or extraordinary or non-recurring loss), together with any related provision for taxes on any such gain (or the tax effect of any such loss), recorded or recognized by Borrower or any of its Subsidiaries during such period;

(f) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized during such period by Borrower or any of its Subsidiaries upon any Disposition of assets by Borrower or any of its Subsidiaries; and

(g) any gain (or loss) (less all fees and expenses or charges relating thereto), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized during such period by Borrower or any of its Subsidiaries attributable to the early termination or extinguishment of indebtedness, Hedging Agreements or other derivative instruments.

“**Consolidated Tax Expense**” shall mean, for any period, the tax expense (including federal, state, local and foreign income taxes) of Borrower and its Subsidiaries, for such period, determined on a consolidated basis in accordance with GAAP.

“**Contingent Obligation**” shall mean, as to any person, any obligation, agreement, understanding or arrangement of such person guaranteeing or intended to guarantee any Indebtedness, operating leases, dividends or other similar obligations (“**primary obligations**”) of any other person (the “**primary obligor**”) in any manner, whether directly or indirectly, including any obligation, agreement, understanding or arrangement of such person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth, net equity, liquidity, level of income, cash flow or solvency of the primary obligor, (c) to purchase or lease property, securities or services solely for the purpose of assuring the primary obligor of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (d) with respect to bankers’ acceptances, letters of credit and similar credit arrangements, until a reimbursement or equivalent obligation arises (which reimbursement obligation shall constitute a primary obligation), or (e) otherwise to assure or hold harmless the primary obligor of any such primary obligation against loss (in whole or in part) in respect thereof; *provided, however*, that the term “Contingent Obligation” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or any product warranties given in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the lesser of (A) the stated or determinable amount of the primary obligation, or portion thereof, in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such person may be liable, whether singly or jointly, pursuant to the terms of the instrument, agreements or other documents or, if applicable, unwritten agreement, evidencing such Contingent Obligation) and (B) Hedging Termination Value or the maximum reasonably anticipated liability in respect thereof (assuming such person is required to perform thereunder) as determined by such person in good faith.

“**Continuing Directors**” shall mean, as of any date of determination, any member of the Board of Directors of Parent who:

- (a) was a member of such Board of Directors on the date of an initial public offering of Parent or any direct or indirect parent of Parent; or
- (b) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

“**Control**” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ability to exercise voting power, by contract or otherwise, and the terms “**Controlling**” and “**Controlled**” shall have meanings correlative thereto.

“**Control Agreement**” shall have the meaning assigned to such term in the Security Agreement.

“**Controlled Investment Affiliate**” shall mean, as to any person, any other person which directly or indirectly is in Control of, is Controlled by, or is under common Control with, such person and is organized by such person (or any person Controlling such person) primarily for making equity or debt investments, directly or indirectly, in Parent or other portfolio companies of such person.

“**Credit Agreement Refinancing Indebtedness**” shall mean (a) Permitted Pari Passu Refinancing Debt, (b) Permitted Junior Refinancing Debt and (c) Permitted Unsecured Refinancing Debt obtained pursuant to a Refinancing Amendment, in each case, issued, incurred or otherwise obtained (including by means of the extension or renewal of existing Indebtedness) in exchange for, or to extend, renew, replace or refinance, in whole or part, existing Term Loans, Incremental Term Loans, Refinancing Term Loans, Revolving Loans, Incremental Revolving Loans, Refinancing Revolving Loans hereunder (including any successive Credit Agreement Refinancing Indebtedness) (“**Refinanced Debt**”); *provided*, that (i) such extending, renewing or refinancing Indebtedness is in an original aggregate principal amount not greater than the aggregate principal amount of the Refinanced Debt, plus accrued and unpaid capitalized interest, any fee, premium or other reasonable amount paid, and fees, costs and expenses incurred in connection therewith, (ii) such Indebtedness does not have an earlier maturity and a Weighted Average Life to Maturity equal to or greater than the Refinanced Debt, (iii) such Refinanced Debt (other than unasserted contingent indemnification or reimbursement obligations and letters of credit that have been cash collateralized or backstopped in accordance with the terms of the Refinanced Debt) shall be repaid, defeased or satisfied and discharged (and all commitments with respect thereto terminated), and all accrued interest, fees and premiums (if any) in connection therewith shall be paid, on the date such Credit Agreement Refinancing Indebtedness is issued, incurred or obtained, and (iv) such Indebtedness will have terms and conditions (other than pricing, fees and premiums) that are similar to, or, taken as a whole, not materially more favorable to the investors providing such Credit Agreement Refinancing Indebtedness than, the Refinanced Debt (except for covenants and other provisions applicable only to the period after the Latest Maturity Date).

“**Credit Extension**” shall mean, as the context may require, (i) the making of a Loan by a Lender, (ii) the making of a Swing Line Loan by the Swing Line Lender or (iii) the issuance of any Letter of Credit, or the extension of the expiry date or renewal, or any amendment or other modification to increase the amount, of any existing Letter of Credit, by the Issuing Bank.

“**Credit Facilities**” shall mean the revolving credit, letter of credit and term loan facilities.

“**Cure Amount**” shall have the meaning assigned to such term in [Section 8.02\(a\)](#).

“**Cure Notice**” shall have the meaning assigned to such term in [Section 8.02\(a\)](#).

“**Cure Right**” shall have the meaning assigned to such term in [Section 8.02\(a\)](#).

“**Cure Specified Date**” shall mean, with respect to each of the first three fiscal quarters in any fiscal year of the Borrower, on or prior to the date that is 45 days after the end of such fiscal quarter and with respect to the fourth fiscal quarter in any fiscal year of the Borrower, on or prior to the date that is 105 days after the end of such fiscal quarter.

“**Debt Issuance**” shall mean the incurrence by any Company of (x) any Indebtedness after the Closing Date (other than as permitted by [Section 6.01](#)) and (y) any Preferred Stock Issuance.

“**Debt Service**” shall mean, for any period, Cash Interest Expense for such period plus scheduled principal amortization (whether pursuant to this Agreement or otherwise) of all Indebtedness for such period and all premiums or fees related thereto.

“**Default**” shall mean any event, occurrence or condition which is, or upon notice, lapse of time or both would constitute, an Event of Default.

“**Default Excess**” shall have the meaning assigned to such term in [Section 2.16\(c\)](#).

“**Default Period**” shall have the meaning assigned to such term in Section 2.16(c).

“**Default Rate**” shall have the meaning assigned to such term in Section 2.06(c).

“**Defaulting Lender**” shall mean any Lender that has (a) failed to fund its portion of any Borrowing, or any portion of its participation in any Letter of Credit, within one Business Day of the date on which it shall have been required to fund the same, unless the subject of a good faith dispute between Borrower and such Lender related hereto, (b) notified Borrower, the Administrative Agent, the Swing Line Lender, any Issuing Bank or any other Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under agreements in which it commits to extend credit generally, (c) failed, within three Business Days after written request by the Administrative Agent or Borrower, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans (unless the subject of a good faith dispute between Borrower and such Lender) and participations in then outstanding Letters of Credit; *provided* that any such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt of such confirmation by the Administrative Agent or Borrower, (d) otherwise failed to pay over to Borrower, the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due (unless the subject of a good faith dispute), or (e) (i) been adjudicated as, or determined by any Governmental Authority having regulatory authority over such person or its properties or assets to be, insolvent or (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization or liquidation of its business or custodian, appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment, unless, in the case of any Lender referred to in this clause (e), Borrower, the Administrative Agent, the Swing Line Lender and each Issuing Bank shall be satisfied that such Lender intends, and has all approvals required to enable it, to continue to perform its obligations as a Lender hereunder. For the avoidance of doubt, a Lender shall not be deemed to be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in such Lender or its parent by a Governmental Authority, unless such ownership or acquisition results in or provides such Lender with immunity from the jurisdiction of the courts within the U.S. or from the enforcement of judgments, writs of attachment on its assets or permits such Lender or Governmental Authority or instrumentality to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Lender; *provided* that, as of any date of determination, the determination of whether any Lender is a Defaulting Lender hereunder shall not take into account, and shall not otherwise impair, any amounts funded by such Lender which have been assigned by such Lender to an SPC pursuant to Section 11.04(i).

“**Disposition**” shall mean, with respect to any property, any conveyance, sale, lease, sublease, license, assignment, transfer or other disposition of such property (including (i) by way of merger or consolidation, (ii) any Sale and Leaseback Transaction, (iii) any Synthetic Lease and (iv) refranchising).

“**Disqualified Capital Stock**” shall mean any Equity Interest that, (a) by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable or exercisable (in each case, other than solely for Equity Interests which are not otherwise Disqualified Capital Stock), in each case at the option of the holder of the Equity Interest), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Equity Interest, in whole or in part, on or prior to the date that is 91-days after the Latest Maturity Date, (b) is convertible into or exchangeable or exercisable (unless at the sole option of the issuer thereof (in each case, other than solely for Equity Interests which are not otherwise Disqualified Capital Stock)) for (i) debt securities or other indebtedness or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to the date that is 91-days after the Latest Maturity Date, or (c)



contains any repurchase or payment obligation (in each case, other than solely for Equity Interests which are not otherwise Disqualified Capital Stock) which may come into effect prior to the date that is 91-days after the Latest Maturity Date.

**“Dividends”** shall mean, with respect to any Person, that such Person has declared or paid a dividend or returned any equity capital to the holders of its Equity Interests or made any other distribution, payment or delivery of property or cash to the holders of its Equity Interests as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for consideration any of its Equity Interests outstanding (or any options or warrants issued by such Person with respect to its Equity Interests), or set aside or otherwise reserved, directly or indirectly, any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for consideration any of the outstanding Equity Interests of such Person (or any options or warrants issued by such Person with respect to its Equity Interests).

**“Documentation Agent”** shall mean General Electric Capital Corporation.

**“Dollars”** or **“\$”** shall mean lawful money of the United States.

**“Domestic Subsidiary”** shall mean any Subsidiary other than a Foreign Subsidiary.

**“Eligible Equity Issuance”** shall mean any Equity Issuance (other than any issuance of Disqualified Capital Stock) following the Closing Date (other than to the extent applied or to be applied as a Cure Amount) to the equity holders of Holdings, to the extent the Net Cash Proceeds thereof shall be, within 90 days of the consummation of such Equity Issuance (other than any issuance of Disqualified Capital Stock), contributed to Borrower.

**“Embargoed Person”** shall have the meaning assigned to such term in [Section 6.16](#).

**“Employee Benefit Plan”** shall mean any “employee benefit plan” as defined in Section 3(3) of ERISA which is or was maintained or contributed to by any Company or any of its ERISA Affiliates for the benefit of current or former employees, consultants or directors of any Company or any ERISA Affiliate.

**“Environment”** shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata or sediment, natural resources such as flora and fauna or as otherwise defined in any Environmental Law.

**“Environmental Claim”** shall mean any claim, notice, demand, Order, action, suit, proceeding, or other communication alleging or asserting liability or obligations under Environmental Law, including liability or obligation for investigation, assessment, remediation, removal, cleanup, response, corrective action, monitoring, post-remedial or post-closure studies, investigations, operations and maintenance, injury, damage, destruction or loss to natural resources, personal injury, wrongful death, property damage, fines, penalties or other costs resulting from, related to or arising out of (i) the presence, Release or threatened Release of Hazardous Material in, on, into or from the Environment at any location or (ii) any violation of or non-compliance with Environmental Law, and shall include any claim, notice, demand, Order, action, suit or proceeding seeking damages (including the costs of remediation), contribution, indemnification, cost recovery, penalties, fines, indemnities, compensation or injunctive relief resulting from, related to or arising out of the presence, Release or threatened Release of Hazardous Material or alleged injury or threat of injury to human health relating to Hazardous Materials or the Environment.

**“Environmental Law”** shall mean any and all applicable current and future Legal Requirements relating to human health, pollution or the protection of the Environment, the Release or threatened Release of Hazardous Material, natural resources or natural resource damages, or, to the extent relating to exposure to Hazardous Materials, occupational safety or health.

**“Environmental Permit”** shall mean any permit, license, approval, consent, registration, notification, exemption or other authorization required by or from a Governmental Authority under any Environmental Law.

**“Equity Interest”** shall mean, with respect to any person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents, including membership interests (however designated, whether voting or nonvoting), of equity of such person, including, if such person is a partnership, partnership interests (whether general or limited), or if such person is a limited liability company, membership interests and any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of property of, such partnership, whether outstanding on the date hereof or issued on or after the Closing Date, but excluding debt securities convertible or exchangeable into such equity.

**“Equity Issuance”** shall mean, without duplication, (i) any issuance or sale by Parent or Holdings of any Equity Interests in Parent or Holdings (including any Equity Interests issued upon exercise of any warrant or option or equity-based derivative) or any warrants or options or equity-based derivatives to purchase Equity Interests in Parent or Holdings, (ii) any contribution to the capital of Parent or Holdings or (iii) any contribution to the capital of Borrower.

**“Equity Offering”** shall mean an offer and sale of common stock of Borrower or any direct or indirect parent of Borrower pursuant to a registration statement that has been declared effective by the SEC pursuant to the Securities Act (other than a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of Borrower).

**“ERISA”** shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, the regulations promulgated thereunder and any successor statute.

**“ERISA Affiliate”** shall mean, with respect to any person, any trade or business (whether or not incorporated) that, together with such person, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code. Any former ERISA Affiliate of a person or any of its Subsidiaries shall continue to be considered an ERISA Affiliate of such person or such Subsidiary within the meaning of this definition with respect to the period such entity was an ERISA Affiliate of such person or such Subsidiary and with respect to liabilities arising after such period for which such person or such Subsidiary could reasonably be expected to be liable under the Code or ERISA, but in no event for more than six years after such period if no such liability has been asserted against such person or such Subsidiary; *provided, however*, that such person or such Subsidiary shall continue to be an ERISA Affiliate of such person or such Subsidiary after the expiration of the six-year period solely with respect to any liability asserted against such person or such Subsidiary prior to the expiration of such six-year period.

**“ERISA Event”** shall mean (i) a “reportable event” within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan other than events for which the thirty (30) day notice period has been waived; (ii) the failure to meet the minimum funding standard of Sections 412 and 430 of the Code or Sections 302 or 303 of ERISA with respect to any Pension Plan (whether or not waived in accordance with Section 412(c) of the Code or Section 302(c) of ERISA) or the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or the failure to make any required contribution to a Multiemployer Plan; (iii) a determination that any Pension Plan is, or is expected to be, in “at risk” status (as defined in Section 430

of the Code or Section 303 of ERISA); (iv) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (v) a determination that any Multiemployer Plan is, or is expected to be, in “critical” or “endangered” status under Section 432 of the Code or Section 305 of ERISA; (vi) the withdrawal by any Company from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting, in either case, in actual or contingent liability to any Company, pursuant to Section 4063 or 4064 of ERISA; (vii) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (viii) the imposition of material liability on any Company pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (ix) the withdrawal of any Company or any of its ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan, or the receipt by any Company or any of its ERISA Affiliates of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA, if, in any such case, there is potential material liability of any Company therefor; (x) the assertion of a material claim (other than routine claims for benefits) against any Employee Benefit Plan, or the assets thereof, or against any Company in connection with any Employee Benefit Plan; (xi) receipt from the Internal Revenue Service of notice of the failure of any Pension Plan (or any other Employee Benefit Plan intended to be qualified under Section 401(a) of the Code) to qualify under Section 401(a) of the Code, or the failure of any trust forming part of any Pension Plan to qualify for exemption from taxation under Section 501(a) of the Code; (xii) the imposition of a Lien pursuant to Section 430(k) of the Code or pursuant to Section 303(k) of ERISA or a violation of Section 436 of the Code with respect to any Pension Plan; or (xiii) the occurrence of a non-exempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could reasonably be expected to result in material liability to any Company.

“**Eurodollar Borrowing**” shall mean a Borrowing comprised of Eurodollar Loans.

“**Eurodollar Loan**” shall mean any Eurodollar Revolving Loan or Eurodollar Term Loan.

“**Eurodollar Revolving Borrowing**” shall mean a Borrowing comprised of Eurodollar Revolving Loans.

“**Eurodollar Revolving Loan**” shall mean any Revolving Loan bearing interest at a rate determined by reference to the Adjusted LIBOR Rate.

“**Eurodollar Term Loan**” shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBOR Rate.

“**Eurodollar Unavailability Period**” shall mean any period of time during which a notice delivered to Borrower in accordance with Section 2.11 or Section 2.12(e) shall remain in effect.

“**Event of Default**” shall have the meaning assigned to such term in Article VIII.

“**Excess Cash Flow**” shall mean, for any Excess Cash Flow Period, without duplication:

(a) the sum, without duplication, of:

(i) Consolidated EBITDA for such Excess Cash Flow Period;

- (ii) cash items of income during such Excess Cash Flow Period not included in calculating Consolidated EBITDA;
  - (iii) the decrease, if any, in the Net Working Capital from the beginning to the end of such Excess Cash Flow Period; and
  - (iv) the reversal, during such Excess Cash Flow Period, of any reserve established pursuant to clause (b)(i) below; *minus*
- (b) the sum, without duplication, of:
- (i) the amount of any cash Consolidated Tax Expense paid or payable by Borrower and its Subsidiaries with respect to such Excess Cash Flow Period and for which, to the extent required under GAAP, reserves have been established;
  - (ii) the amount of Debt Service paid for such Excess Cash Flow Period;
  - (iii) permanent repayments and prepayments of Indebtedness made by Borrower and its Subsidiaries in accordance with this Agreement during such Excess Cash Flow Period but only to the extent that (A) (i) such repayments and prepayments by their terms cannot be reborrowed or redrawn, and (ii) such repayments and prepayments do not occur in connection with a refinancing of all or a portion of such Indebtedness, and (B) the amounts used to make such payments are funded from Internally Generated Funds;
  - (iv) Capital Expenditures made in cash in accordance with Section 6.10(c) during such Excess Cash Flow Period, to the extent funded from Internally Generated Funds;
  - (v) the increase, if any, in the Net Working Capital from the beginning to the end of such Excess Cash Flow Period;
  - (vi) any Permitted Parent Payments that are paid in cash with respect to such Excess Cash Flow Period;
  - (vii) cash items of expense (including losses) with respect to such Excess Cash Flow Period not deducted in calculating Consolidated EBITDA;
  - (viii) the amount of any non-cash gain included in Consolidated EBITDA for such Excess Cash Flow Period recognized as a result of any Asset Sale;
  - (ix) the aggregate amount of Acquisition Consideration paid in cash during such Excess Cash Flow Period with respect to Permitted Acquisitions (to the extent consummated in accordance with Section 6.07(f)), to the extent funded from Internally Generated Funds;
  - (x) the aggregate amount of expenditures, other than Capital Expenditures, made in cash during such Excess Cash Flow Period and capitalized in accordance with GAAP during such Excess Cash Flow Period to the extent such expenditures are funded from Internally Generated Funds;
  - (xi) the aggregate amount of non-cash adjustments to Consolidated EBITDA for periods prior to the beginning of the Excess Cash Flow Period to the extent paid in cash by Borrower and its Restricted Subsidiaries during such Excess Cash Flow Period; and
  - (xii) cash fees and expenses in connection with Hedging Agreements to the extent paid during such Excess Cash Flow Period.

*provided*, that, for purposes of calculating Excess Cash Flow for any Excess Cash Flow Period, for each Permitted Acquisition consummated during such Excess Cash Flow Period, (x) the Consolidated EBITDA of a target of any Permitted Acquisition shall be included in such calculation only from and after the date of the end of the fiscal quarter during which the consummation of such Permitted Acquisition occurs and (y) for the purposes of calculating Net Working Capital, the (A) total assets of a target of such Permitted Acquisition (other than cash and Cash Equivalents), as calculated as at the date of the end of the fiscal quarter during which the consummation of the applicable Permitted Acquisition occurs, which may properly be classified as current assets on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (assuming, for the purpose of this clause (A), that such Permitted Acquisition has been consummated) and (B) the total liabilities of Borrower and its Subsidiaries, as calculated as at the end of the fiscal quarter during which the date of consummation of the applicable Permitted Acquisition occurs, which may properly be classified as current liabilities on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (assuming, for the purpose of this clause (B), that such Permitted Acquisition has been consummated), shall, in the case of both immediately preceding clauses (A) and (B), be calculated as the difference between the Net Working Capital at the end of the applicable Excess Cash Flow Period from the end of the fiscal quarter during which the date of consummation of the Permitted Acquisition occurs.

**“Excess Cash Flow Period”** shall mean each fiscal year of Borrower commencing the first full fiscal year of Borrower following the Closing Date.

**“Exchange Act”** shall mean the Securities Exchange Act of 1934.

**“Excluded Lender”** shall mean any person deemed by Borrower, in good faith, to be a direct competitor of Borrower or any of its Subsidiaries and (a) identified by Borrower to the Administrative Agent, in good faith, in a certificate duly executed by a Responsible Officer of Borrower prior to the Closing Date and (b) designated by Borrower as a direct competitor of Borrower or any of its Subsidiaries from time to time after the Closing Date in a certificate (which shall set forth in reasonable detail the basis for each applicable designation), in good faith, duly executed by a Responsible Officer of Borrower; *provided* that in no event shall (i) holders of Equity Interests of any such persons (unless such holders of Equity Interests are direct competitors of the Borrower) be deemed to be Excluded Lenders or (ii) a bank, commercial lender or bona fide debt fund be deemed to be Excluded Lenders. In no event shall a supplement apply retroactively to disqualify any Lender as of the date of such supplement.

**“Excluded Swap Obligation”** shall mean, with respect to any Guarantor, (x) as it relates to all or a portion of the Guarantee of such Guarantor hereunder, any Swap Obligation if, and to the extent that, such Swap Obligation (or any Guarantee hereunder in respect thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the Guarantee of such Guarantor would otherwise have become effective with respect to such related Swap Obligation but for such Guarantor’s failure to constitute an “eligible contract participant” or (y) as it relates to all or a portion of the grant by such Guarantor of a security interest, any Swap Obligation if, and to the extent that, such Swap Obligation (or such security interest in respect thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any

thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the grant of such security interest would otherwise have become effective with respect to such related Swap Obligation but for such Guarantor's failure to constitute an "eligible contract participant".

**"Excluded Taxes"** shall mean, with respect to the Administrative Agent, any Lender, the Swing Line Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States, or by the jurisdiction (i) under the laws of which such recipient is organized or in which its principal office is located, (ii) as a result of a present or former connection between such person and the jurisdiction of the Governmental Authority imposing such tax (other than any such connection arising solely from such person having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document), or (iii) in the case of any Lender, in which its applicable lending office is located and, (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction described in clause (a) above, and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under [Section 2.16](#)), any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office), (ii) is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with [Section 2.15\(e\)](#), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to [Section 2.15\(a\)](#), or (iii) is imposed on amounts payable by Borrower pursuant to FATCA (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on a Foreign Lender as a result of a Change in Law occurring after the time such Foreign Lender became a party to this Agreement shall not be an Excluded Tax).

**"Executive Order"** shall have the meaning assigned to such term in [Section 3.21](#).

**"Existing Credit Agreement"** shall have the meaning assigned to such term in the definition of "Existing Debt".

**"Existing Debt"** shall mean all Indebtedness and other obligations under the following: (i) that certain Credit Agreement, dated as of July 14, 2011 among Borrower, Parent, certain subsidiaries thereof, the lenders from time to time party thereto and Jefferies Finance LLC, as administrative agent and collateral agent (the **"Existing Credit Agreement"**) and (ii) the 17.00% Second Priority Senior Secured Notes due 2018, issued pursuant to an indenture dated as of July 14, 2011 between Borrower, as the issuer, Parent, as the guarantor and Wells Fargo Bank, National Association, as indenture trustee.

**"Existing Debt Repayment Documents"** shall mean repayment, termination, pay-off, Lien release and similar documents relating to the repayment (or, in the case of the 17.00% Second Priority Senior Secured Notes due 2018, satisfaction and discharge) of the Existing Debt in full on or prior to the Closing Debt and the release and termination of all Liens and obligations with respect thereto, in form and substance reasonably satisfactory to the Administrative Agent.

**"Existing Letters of Credit"** shall mean each letter of credit, identified on Schedule 1.01(f), issued under the Existing Credit Agreement.

**"Existing Lien"** shall have the meaning assigned to such term in [Section 6.02\(c\)](#).

**"Existing Loans"** shall have the meaning assigned to such term in [Section 2.20\(a\)](#).

**"Existing Tranche"** shall have the meaning assigned to such term in [Section 2.20\(a\)](#).

“**Extended Loans**” shall have the meaning assigned to such term in Section 2.20(a).

“**Extended Tranche**” shall have the meaning assigned to such term in Section 2.20(a).

“**Extending Lender**” shall have the meaning assigned to such term in Section 2.20(b).

“**Extension Amendment**” shall have the meaning assigned to such term in Section 2.20(c).

“**Extension Date**” shall have the meaning assigned to such term in Section 2.20(d).

“**Extension Election**” shall have the meaning assigned to such term in Section 2.20(b).

“**Extension Request**” shall have the meaning assigned to such term in Section 2.20(a).

“**Existing Litigation**” shall mean the lawsuits and disputes of the Borrower or any of its Subsidiaries listed on Schedule 1.01(a).

“**Fair Market Value**” shall mean, with respect to any asset (including any Equity Interests of any person), the price at which a willing buyer and a willing seller who does not have to sell, would agree to purchase and sell such asset, in an arm’s-length transaction, as determined in good faith by the Board of Directors or, pursuant to a specific delegation of authority by such Board of Directors or a designated senior executive officer, of Parent, or the Subsidiary of Parent selling such asset.

“**FATCA**” shall mean Sections 1471 through 1474 of the Code and any amended or successor version that is substantively comparable and any current or future Treasury regulations or other official administrative guidance (including any Revenue Ruling, Revenue Procedure, Notice or similar guidance issued by the IRS) promulgated thereunder.

“**Federal Funds Effective Rate**” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary to the next 1/100th of 1%) of the quotations for the day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“**Fee Letter**” shall mean the confidential Engagement Letter (as amended, modified, waived or supplemented from time to time in accordance therewith), dated as of September 17, 2013, among Parent, Borrower and Jefferies Finance LLC.

“**Fees**” shall mean the Commitment Fees, the Administrative Agent Fees, the LC Participation Fees, the Fronting Fees and the other fees referred to in Section 2.05(d).

“**Financial Officer**” of any person shall mean the chief financial officer, principal accounting officer, treasurer or controller of such person.

“**FIRREA**” shall mean the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended.

“**First Lien Leverage Ratio**” shall mean, at any date of determination, the ratio of (i) Consolidated First Lien Debt as of such date to (ii) Consolidated EBITDA for the Test Period then most recently ended.

**“Foreign Lender”** shall mean any Lender that is not, for United States federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation or entity treated as a corporation created or organized in or under the laws of the United States, or any political subdivision thereof, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of such trust, or (b) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes.

**“Foreign Subsidiary”** shall mean a Subsidiary that is organized under the laws of a jurisdiction other than the United States or any state thereof or the District of Columbia and any other Subsidiary that is classified as a disregarded for entity U.S. federal income tax purposes and substantially all the assets of which consist of the stock of Subsidiaries that are classified as “controlled foreign corporations” for U.S. federal income tax purposes and that are organized under the laws of a jurisdiction other than the United States or any state thereof or the District of Columbia.

**“Freeman Spogli”** shall mean Freeman Spogli & Co.

**“Fronting Fee”** shall have the meaning assigned to such term in [Section 2.05\(c\)](#).

**“Funding Default”** shall have the meaning assigned to such term in [Section 2.16\(c\)](#).

**“GAAP”** shall mean generally accepted accounting principles in the United States applied on a consistent basis.

**“Governmental Authority”** shall mean any federal, state, local or foreign (whether civil, criminal, military or otherwise) court, central bank or governmental agency, tribunal, authority, instrumentality or regulatory body or any subdivision thereof or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

**“Governmental Real Property Disclosure Requirements”** shall mean any Legal Requirement of any Governmental Authority requiring notification of the buyer, lessee, mortgagee, assignee or other transferee of any Real Property, facility, establishment or business, or any notification, registration or filing to or with any Governmental Authority, (a) in connection with the Disposition (including any transfer of control) of any Real Property, facility, establishment or business, as may be required under any applicable Environmental Law or (b) of any actual or threatened presence or Release in, on, into or from the Environment, or the use, disposal or handling of Hazardous Material, in each case on, at, under, from or near the Real Property, facility, establishment or business to be sold, acquired, leased, mortgaged, assigned or transferred.

**“Granting Lender”** shall have the meaning assigned to such term in [Section 11.04\(i\)](#).

**“Guaranteed Obligations”** shall have the meaning assigned to such term in [Section 7.01](#).

**“Guarantees”** shall mean the guarantees issued pursuant to [Article VII](#) by the Guarantors.

**“Guarantors”** shall mean Parent and the Subsidiary Guarantors.

**“Hazardous Materials”** shall mean hazardous substances, hazardous wastes, hazardous materials, polychlorinated biphenyls (“PCBs”) or any substance or compound containing PCBs, asbestos or any asbestos-containing materials in any form or condition, lead-based paint, urea formaldehyde,



pesticides, radon or any other radioactive materials including any source, special nuclear or by-product material, petroleum, petroleum products, petroleum-derived substances, crude oil or any fraction thereof, any toxic mold, microbial or fungal contamination that could pose a risk to human health or the Environment or would negatively impact the condition of the Real Property in any material respect or any other pollutants, contaminants, chemicals, wastes, materials, compounds, constituents or substances, listed, regulated, or defined as hazardous or toxic, or as pollutants or contaminants under any Environmental Laws.

**“Hedging Agreement”** shall mean (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, currency swap transactions, cross-currency rate swap transactions, currency options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options or warrants to enter into any of the foregoing), whether or not any such transaction is governed by, or otherwise subject to, any master agreement or any netting agreement, and (b) any and all transactions or arrangements of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement (or similar documentation) published from time to time by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such agreement or documentation, together with any related schedules, a **“Master Agreement”**), including any such obligations or liabilities under any Master Agreement.

**“Hedging Obligations”** shall mean obligations under or with respect to Hedging Agreements.

**“Hedging Termination Value”** shall mean, in respect of any one or more Hedging Agreements, after taking into account the effect of any netting agreements relating to such Hedging Agreements (to the extent, and only to the extent, such netting agreements are legally enforceable in Insolvency Proceedings against the applicable counterparty obligor thereunder), (i) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (ii) for any date prior to the date referenced in preceding clause (i), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreements (which may include a Lender or any Affiliate of a Lender).

**“Holdings”** shall mean any of El Pollo Loco Holdings, Inc., a Delaware corporation, Chicken Subsidiary Corp., a Delaware corporation, Chicken Acquisition Corp., a Delaware corporation and Trimaran Pollo Partners L.L.C., a Delaware limited liability corporation, or any successor thereto including by way of merger, consolidation, liquidation, dissolution or winding up.

**“Increase Effective Date”** shall have the meaning assigned to such term in [Section 2.19\(a\)](#).

**“Increase Joinder”** shall have the meaning assigned to such term in [Section 2.19\(e\)](#).

**“Incremental Facilities”** shall have the meaning assigned to such term in [Section 2.19\(a\)](#).

**“Incremental Revolving Loan”** shall have the meaning assigned to such term in [Section 2.19\(d\)](#).

**“Incremental Revolving Loan Commitment”** shall have the meaning assigned to such term in [Section 2.19\(a\)](#).

**“Incremental Revolving Loan Lender”** shall mean a Lender with an Incremental Revolving Loan Commitment or an outstanding Incremental Revolving Loan.

**“Incremental Term Loans”** shall have the meaning assigned to such term in [Section 2.19\(c\)\(i\)](#).

**“Incremental Term Loan Commitment”** shall have the meaning assigned to such term in [Section 2.19\(a\)](#).

**“Incremental Term Loan Lender”** shall mean a Lender with an Incremental Term Loan Commitment or an outstanding Incremental Term Loan.

**“Incur”** shall mean to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise.

**“Indebtedness”** of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or advances (including unreimbursed amounts outstanding under letters of credit); (b) all obligations of such person evidenced by bonds, debentures, notes, loan agreements or similar instruments; (c) all obligations of such person under conditional sale or other title retention agreements relating to property purchased by such person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (d) all obligations of such person issued or assumed as part of the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business on normal trade terms and (A) not overdue by more than 90 days or (B) to the extent overdue by more than 90 days are being contested by such person by appropriate proceedings in good faith with adequate reserves to the extent required to be maintained in accordance with GAAP; (e) all Indebtedness secured by any Lien on property owned or acquired by such person (including indebtedness arising under conditional sales or other title retention agreements), whether or not the obligations secured thereby have been assumed, but limited to the lower of (i) the Fair Market Value of such property and (ii) the amount of the Indebtedness secured; (f) all Capital Lease Obligations, Purchase Money Obligations, Synthetic Lease Obligations and Attributable Indebtedness of such person; (g) all net payments that such person would have to make in the event of an early termination, on the date of determination, in respect of outstanding Hedging Obligations; (h) all obligations of such person for the reimbursement of any obligor in respect of letters of credit (but only to the extent of drawn but unreimbursed amounts thereunder), letters of guaranty, bankers’ acceptances and similar credit transactions; and (i) all Contingent Obligations of such person in respect of Indebtedness or obligations of others of the kinds referred to in clauses (a) through (i) above. The Indebtedness of any person shall include the Indebtedness of any other entity (including any partnership in which such person is a general partner) to the extent such person is liable therefor as a result of such person’s ownership interest in or other relationship with such entity, except (other than in the case of general partner liability) to the extent that terms of such Indebtedness expressly provide that such person is not liable therefor; provided that, for the avoidance of doubt, Indebtedness shall not include accrued expenses, deferred revenue, deferred rent, deferred taxes and deferred compensation and customary obligations under employment arrangements.

**“Indemnified Taxes”** shall mean Taxes other than Excluded Taxes.

**“Indemnitee”** shall have the meaning assigned to such term in [Section 11.03\(b\)](#).

**“Information”** shall have the meaning assigned to such term in [Section 11.12](#).

**“Insolvency Laws”** shall mean the Bankruptcy Code of the United States, and all other insolvency, bankruptcy, receivership, liquidation, conservatorship, assignment for the benefit of creditors, moratorium, rearrangement, reorganization, or similar Legal Requirements of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

**“Insolvency Proceeding”** shall mean (i) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (ii) any general assignment for the benefit of creditors, formal or informal moratorium, composition, marshaling of assets for creditors or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each case, undertaken under United States federal or state or non-United States Legal Requirements, including the Bankruptcy Code of the United States.

**“Insurance Policies”** shall mean the insurance policies and coverages required to be maintained by each Loan Party that is an owner or lessee of Mortgaged Property with respect to the applicable Mortgaged Property pursuant to Section 5.04 and all renewals and extensions thereof.

**“Insurance Requirements”** shall mean, collectively, all provisions of the Insurance Policies, all requirements of the issuer of any of the Insurance Policies and all Orders, rules, regulations and any other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) binding upon any Loan Party that is an owner of Mortgaged Property and applicable to the Mortgaged Property or any use or condition thereof.

**“Intellectual Property”** shall have the meaning assigned to such term in Section 3.06(b).

**“Intercompany Note”** shall mean the intercompany demand promissory note substantially in the form of Exhibit D.

**“Intercreditor Agreement”** shall mean the Intercreditor Agreement, dated as of the date hereof, among the Collateral Agent and the Second Lien Collateral Agent, substantially in the form of Exhibit O as in effect on the date hereof and thereafter as amended from time to time in accordance with the terms hereof and thereof.

**“Interest Election Request”** shall mean a request by Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.08(b), substantially in the form of Exhibit E.

**“Interest Payment Date”** shall mean (a) with respect to any ABR Loan, the last Business Day of each calendar month in which such Loan is outstanding, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Loan with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period, (c) with respect to any Revolving Loan or Swing Line Loan, the Revolving Maturity Date (or such earlier date on which the Revolving Commitments are terminated) and, after such maturity (or termination as the case may be), on each date on which demand for payment is made and (d) with respect to any Term Loan, the Term Loan Maturity Date and, after such maturity, on each date on which demand for payment is made.

**“Interest Period”** shall mean, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as Borrower may elect; *provided* that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (b) any

Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“**Internally Generated Funds**” shall mean funds not constituting the proceeds of any Indebtedness (excluding the proceeds of Revolving Borrowings), Debt Issuance, Equity Issuance, Asset Sale or Casualty Event (in each case, without regard to the exclusions from the definitions thereof, other than in the case of an Asset Sale only, any disposition of assets permitted by Sections 6.04(c), 6.06(a), 6.06(c), 6.06(d), 6.06(h), 6.06(k) or 6.06(l)).

“**Investments**” shall have the meaning assigned to such term in Section 6.04.

“**IPO**” shall mean the first bona fide underwritten public offering by Parent or any direct or indirect parent of Parent of its Equity Interests after the Closing Date pursuant to an effective registration statement filed with the Securities and Exchange Commission in accordance with the Securities Act that yields cash gross proceeds to such person of at least \$50,000,000.

“**ISP**” shall mean, with respect to any Letter of Credit, the ‘International Standby Practices 1998’ (or ‘ISP 98’) published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance of such Letter of Credit).

“**Issuing Bank**” shall mean, as the context may require, (a) GE Capital Bank solely with respect to the Existing Letters of Credit in which it is the named issuer (for avoidance of doubt, GE Capital Bank has no obligation to issue any additional Letters of Credit), (b) General Electric Capital Corporation, with respect to Letters of Credit issued by it or at its direction; (c) any other Lender that may become an Issuing Bank pursuant to Sections 2.17(j) and (k) with respect to Letters of Credit issued by such Lender; (d) a bank or other legally authorized Person, in either case reasonably acceptable to Administrative Agent or (e) collectively, all of the foregoing.

“**Joinder Agreement**” shall mean a joinder agreement substantially in the form of Exhibit 3 to the Security Agreement.

“**Joint Lead Arrangers**” means Jefferies Finance LLC and GE Capital Markets, Inc.

“**Junior Indebtedness**” shall mean Indebtedness which would otherwise constitute Senior Unsecured Indebtedness, but that is by its terms subordinated in right of payment to the Obligations of Borrower and the Guarantors, as applicable; *provided* that such terms of subordination are customary and reasonably acceptable to the Administrative Agent.

“**Latest Maturity Date**” as of any date of determination, shall mean the latest maturity or expiration date applicable to any Loan or Commitment hereunder at such time, including the latest maturity or expiration date of any Incremental Facility or any Refinancing Term Loan.

“**LC Commitment**” shall mean the commitment of the Issuing Bank to issue Letters of Credit pursuant to Section 2.17; *provided* that at no time shall the LC Commitment exceed the Revolving Commitment. The amount of the LC Commitment shall be \$10,000,000 on the Closing Date.

“**LC Disbursement**” shall mean a payment or disbursement made directly or indirectly by the Issuing Bank pursuant to or in connection with a Letter of Credit.

“**LC Exposure**” shall mean, as at any date of determination, the sum of (a) the aggregate amount available to be drawn under all outstanding Letters of Credit at such time plus (b) the aggregate principal amount of all Reimbursement Obligations outstanding at such time. The LC Exposure of any Revolving Lender at any time shall mean its Pro Rata Percentage of the aggregate LC Exposure at such time. For all purposes of this Agreement and the other Loan Documents, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP (or any other equivalent applicable rule with respect to force majeure events), such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“**LC Participation Fee**” shall have the meaning assigned to such term in Section 2.05(c).

“**LC Request**” shall mean a request by Borrower in accordance with the terms of Section 2.17(b) and substantially in the form of Exhibit G, or such other form as shall be approved by the Issuing Bank.

“**LC Sub-Account**” shall have the meaning assigned to such term in Section 9.01(d).

“**Leases**” shall mean any and all Real Property leases, subleases, tenancies, renewal options and concession agreements, any Real Property rental agreements, occupancy agreements, access agreements and any other agreements (including all amendments, extensions, replacements, renewals, modifications and/or guarantees thereof), whether or not of record and whether now in existence or hereafter entered into, affecting the use or occupancy of all or any portion of any Real Property.

“**Legal Requirements**” shall mean, as to any person any treaty, law (including the common law), statute, ordinance, code, rule, regulation, guidelines, license, permit, permit requirement, qualification for exemption from registration, Order or determination of an arbitrator or a court or other Governmental Authority, including without limitation any and all franchise laws (including, but not limited to, The Uniform Franchise Offering Circular), regulations, rules and requirements, and the interpretation or administration thereof, in each case applicable to or binding upon such person or any of its property or to which such person or any of its property is subject.

“**Lenders**” shall mean (a) the financial institutions and other persons party hereto as “Lenders” on the date hereof, and (b) each financial institutions or other person that becomes a party hereto pursuant to an Assignment and Acceptance, other than, in each case, any such financial institution or person that has ceased to be a party hereto pursuant to an Assignment and Acceptance. Unless the context clearly indicates otherwise, the term “Lenders” shall include the Swing Line Lender.

“**Letter of Credit**” shall mean (i) any Standby Letter of Credit and (ii) any Commercial Letter of Credit, in each case, issued or to be issued by an Issuing Bank for the account of Borrower or one of its Subsidiaries pursuant to Section 2.17.

“**Letter of Credit Expiration Date**” shall mean the date which is five Business Days prior to the Revolving Maturity Date.

“**LIBOR Rate**” shall mean, with respect to any Eurodollar Borrowing for any Interest Period therefor, the rate *per annum* equal to the arithmetic mean (rounded to the nearest 1/100th of 1%) of the offered rates for deposits in Dollars with a term comparable to such Interest Period that appears on Reuters Screen LIBOR01 (or such other page as may replace such page on such service for the purpose of displaying the rates at which Dollar deposits are offered by leading banks in the London interbank deposit market as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London, England time, on the second full Business Day preceding the first day of such Interest Period; *provided, however*, that (i) if no comparable term for an Interest Period is available, the LIBOR Rate shall

be determined using the weighted average of the offered rates for the two terms most nearly corresponding to such Interest Period and (ii) if Reuters Screen LIBOR01 shall at any time no longer exist, “**LIBOR Rate**” shall mean, with respect to each day during each Interest Period pertaining to Eurodollar Borrowings comprising part of the same Borrowing, the rate *per annum* equal to the rate at which the Administrative Agent is offered deposits in Dollars at approximately 11:00 a.m., London, England time, two Business Days prior to the first day of such Interest Period in the London interbank market for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to its portion of the amount of such Eurodollar Borrowing to be outstanding during such Interest Period. “**Reuters Screen LIBOR01**” shall mean the display designated on the Reuters 3000 Xtra Page (or such other page as may replace such page on such service for the purpose of displaying the rates at which Dollar deposits are offered by leading banks in the London interbank deposit market).

“**Lien**” shall mean, with respect to any property, (a) any mortgage, deed of trust, lien (statutory or other), pledge, encumbrance, charge, hypothecation, security interest or similar encumbrance or any arrangement to provide priority or preference or any filing of any financing statement under the UCC or any other similar notice of Lien under any similar notice or recording statute of any Governmental Authority, including any encumbrance on title to Real Property, in each of the foregoing cases whether voluntary or imposed by law, and any agreement to give any of the foregoing, and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such property.

“**Loan Documents**” shall mean this Agreement, the Letters of Credit, the Notes (if any), the Security Documents, the Intercreditor Agreement, the Management Fee Subordination Agreement, each Joinder Agreement and, except for purposes of Section 11.02(b), the Agency Fee Letter and the Fee Letter. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

“**Loan Parties**” shall mean Parent, Borrower and the Subsidiary Guarantors.

“**Loans**” shall mean, as the context may require, a Revolving Loan, a Term Loan or a Swing Line Loan.

“**Management Agreement**” shall mean the Monitoring and Management Services Agreement, dated as of November 18, 2005, by Chicken Acquisition Corp., Trimaran Fund Management, L.L.C. and Freeman Spogli & Co. V, L.P. (as amended, by Amendment No. 1 to Monitoring and Management Services Agreement, dated as of December 26, 2007).

“**Management Fee Subordination Agreement**” shall mean a Management Fee Subordination Agreement substantially in the form of Exhibit N among Chicken Acquisition Corp., Trimaran Fund Management, L.L.C. and Freeman Spogli & Co. V, L.P., the Companies and the Collateral Agent.

“**Margin Stock**” shall have the meaning assigned to such term in Regulation U.

“**Material Adverse Effect**” shall mean (a) a material adverse effect on the financial condition, results of operations, assets, liabilities or business of the Companies, taken as a whole, or the Loan Parties, taken as a whole, (b) material impairment of the ability of the Loan Parties, taken as a whole, to fully and timely perform any of their payment obligations under any Loan Document, or (c) a material impairment of the rights of or benefits or remedies, taken as a whole, available to the Lenders, the Issuing Bank or any Agent under any Loan Document.

“**Maximum Rate**” shall have the meaning assigned to such term in Section 11.13.

“**Mortgage**” shall mean an agreement, including a mortgage, deed of trust, security interest or any other document, creating and evidencing a first priority Lien (subject to Permitted Liens) on a Mortgaged Property, which shall be substantially in the form of Exhibit H or other form reasonably satisfactory to the Collateral Agent, in each case, with such schedules and including such provisions as shall be necessary to conform such document to applicable local or foreign law or as shall be customary under applicable local or foreign Legal Requirements.

“**Mortgaged Property**” shall mean (a) each owned Real Property identified on Schedule 1.01(b) hereto and (b) each owned Real Property, if any, which shall be subject to a Mortgage delivered after the Closing Date pursuant to Section 5.10(d).

“**Multiemployer Plan**” shall mean a multiemployer plan within the meaning of Section 4001(a)(3) or Section 3(37) of ERISA, (a) to which any Company is then making or accruing an obligation to make contributions, (b) to which any Company has within the preceding six plan years made or been obligated to make contributions, or (c) with respect to which any Company could reasonably be expected to incur liability, contingent or otherwise, under ERISA.

“**Net Cash Proceeds**” shall mean, in each case net of, without duplication, any applicable Taxes that are paid or payable as reasonably determined by the Borrower (*provided that*, to the extent such Taxes that are determined by the Borrower as payable are not paid, such unpaid amounts shall constitute Net Cash Proceeds):

(a) with respect to any Asset Sale (other than any issuance or sale of Equity Interests), the proceeds thereof in the form of cash, cash equivalents and marketable securities (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable, or by the sale, transfer or other Disposition of any non-cash consideration received in connection therewith or otherwise, but only as and when received) received by any Company (including cash proceeds subsequently received (as and when received by any Company) in respect of non-cash consideration initially received) net of (i) reasonable and customary selling expenses (including reasonable brokers’ fees or commissions, legal, accounting and other professional and transactional fees and expenses, transfer and similar taxes and Borrower’s good faith estimate of income taxes paid or payable in connection with such sale), (ii) amounts provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations associated with such Asset Sale or any other liabilities retained by any Company associated with the properties sold in such Asset Sale (*provided that*, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds), and (iii) the principal amount, premium or penalty, if any, interest, fees and other amounts on any Indebtedness for borrowed money that is either secured by a Lien on the properties sold in such Asset Sale (so long as such Lien was permitted to encumber such properties under the Loan Documents at the time of such sale) and which is repaid with such proceeds (other than any such Indebtedness assumed by the purchaser of such properties) or otherwise required to be repaid (and is actually repaid) pursuant to any mandatory prepayment requirements or otherwise, but excluding Indebtedness under the Loan Documents;

(b) with respect to any (i) Debt Issuance or (ii) other issuance or sale of Equity Interests by Borrower or any of its Subsidiaries (including any Preferred Stock Issuance) (other

than to the Borrower or any Subsidiary Guarantor), the cash proceeds thereof received by any Company, in each case, net of reasonable and customary fees and expenses (including legal, accounting and other professional and transaction fees and expenses and brokers' fees), commissions, costs and other expenses incurred in connection therewith; and

(c) with respect to any Casualty Event, the cash insurance proceeds, condemnation awards and other compensation received by any Company in respect thereof, net of all reasonable costs and expenses (including legal, accounting and other professional and transaction fees and expenses and brokers' fees and expenses) incurred in connection with the collection of such proceeds, awards or other compensation in respect of such Casualty Event (including legal, accounting and other professional and transaction fees and expenses and brokers' fees).

**"Net Working Capital"** shall mean, at any time, Consolidated Current Assets at such time minus Consolidated Current Liabilities at such time.

**"Non-Debt Fund Affiliate"** shall mean any affiliate of the Parent or the Sponsor, including Parent or any of its subsidiaries, but excluding (a) any Affiliated Debt Funds and (b) any natural person.

**"Non-Extending Lender"** shall have the meaning assigned to such term in Section 2.20(e).

**"Non-Public Information"** shall mean (i) material non-public information (within the meaning of United States federal, state or other applicable securities laws) with respect to Holdings or its Subsidiaries or their securities, (ii) information of a type that would be material non-public information (within the meaning of United States federal, state or other applicable securities laws) relating to Borrower if Borrower were a public reporting company with respect to Borrower or its Subsidiaries or their respective securities.

**"Not Otherwise Applied"** shall mean, with reference to any amount of proceeds of any transaction or event, that such amount (a) was not required to be applied to prepay the Loans pursuant to Section 2.10, (b) was not previously applied in determining the permissibility of a transaction under the Loan Documents where such permissibility was (or may have been) contingent on receipt of such amount or utilization of such amount for a specified purpose, and (c) in the case of Net Cash Proceeds from Eligible Equity Issuances or the receipt of Cure Amounts, was not used in connection with (i) Investments made pursuant to Section 6.04(v), (ii) Dividends made pursuant to Section 6.08(i) or (iii) prepayments applied as a Cure Amount pursuant to Section 8.02(v).

**"Notes"** shall mean any notes evidencing the Term Loans, Revolving Loans or Swing Line Loans in each case issued pursuant to Section 2.04(e), if any, substantially in the form of Exhibit I-1, I-2, I-3 respectively.

**"Obligations"** shall mean (a) all obligations of Borrower and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in such Insolvency Proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by Borrower and the other Loan Parties under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of Reimbursement Obligations, interest thereon and obligations to provide cash collateral and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding), of Borrower and the other Loan Parties under this Agreement and the other Loan Documents, and (b) the



due and punctual performance of all covenants, agreements, obligations and liabilities of Borrower and the other Loan Parties under or pursuant to this Agreement and the other Loan Documents, in each case, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising.

“**OFAC**” shall have the meaning assigned to such term in Section 3.21.

“**Offer Process**” shall have the meaning assigned to such term in Section 11.04(ix)(B).

“**Officers’ Certificate**” shall mean a certificate executed by (i) the chairman of the Board of Directors (if an officer), the chief executive officer or the president or (ii) one of the Financial Officers, each in his or her official (and not individual) capacity.

“**Operating Account**” has the meaning specified in Section 3.23.

“**Order**” shall mean any judgment, decree, verdict, order, consent order, consent decree, writ, declaration or injunction.

“**Organizational Documents**” shall mean, with respect to any person, (i) in the case of any corporation, the certificate of incorporation or deed of incorporation and by-laws (or similar documents) of such person, (ii) in the case of any limited liability company, the certificate or articles of formation or organization and operating agreement or memorandum and articles of association (or similar constitutive documents) of such person, (iii) in the case of any limited partnership, the certificate of formation and limited partnership agreement (or similar constitutive documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar constitutive document) of such person, (v) in any other case, the functional equivalent of the foregoing, and (vi) any shareholder, voting trust or similar agreement between or among any holders of Equity Interests of such person.

“**Other Taxes**” shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges (including fees and expenses to the extent incurred with respect to any such taxes or charges) or similar levies (including interest, fines, penalties and additions with respect to any of the foregoing) arising from any payment made or required to be made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

“**Parent**” shall have the meaning assigned to such term in the preamble hereto.

“**Participant**” shall have the meaning assigned to such term in Section 11.04(f).

“**Participant Register**” shall have the meaning assigned to such term in Section 11.04(f).

“**Patriot Act**” shall have the meaning assigned to such term in Section 3.21(a).

“**PBGC**” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“**Pension Plan**” shall mean any Employee Benefit Plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Sections 412 or 430 of the Code or Section 302 of ERISA which is maintained, or contributed to, by any Company or with respect to which any Company could reasonably be expected to incur liability, contingent or otherwise, under ERISA (including under Section 4069 of ERISA).

“**Perfection Certificate**” shall mean a perfection certificate in the form of Exhibit J-1 or any other form approved by the Collateral Agent, as the same shall be supplemented from time to time by a Perfection Certificate Supplement or otherwise.

**“Perfection Certificate Supplement”** shall mean a perfection certificate supplement in the form of Exhibit J-2 or any other form approved by the Collateral Agent.

**“Permitted Acquisition”** shall mean any consensual transaction or series of related transactions for the direct or indirect (a) acquisition of all or substantially all of the property of any person, or all or substantially all of any business or division of any person, (b) acquisition of in excess of 50% of the Equity Interests of any person, and otherwise causing such person to become a Subsidiary of such person, or (c) merger or consolidation or any other combination with any person, if each of the following conditions is met, or if the Required Lenders have otherwise consented in writing thereto:

(i) no Default or Event of Default then exists or would result therefrom;

(ii) after giving effect to such transaction and series of related transactions on a Pro Forma Basis, Borrower shall be in compliance with all covenants set forth in Section 6.10(a) and (b) as of the most recent Test Period (assuming, for purposes of Section 6.10(a) and (b), that such transaction and series of related transactions had occurred on the first day of such relevant Test Period;

(iii) the persons or businesses to be acquired shall be, or shall be engaged in, a business of the type that Borrower and its Subsidiaries are permitted to be engaged in under Section 6.15 and the property acquired in connection with any such transaction and series of related transactions shall be made subject to the Lien of the Security Documents in accordance with Section 5.10 and shall be free and clear of any Liens, other than Permitted Liens;

(iv) with respect to such acquisition of any of the series of related transactions, the Board of Directors of the person to be acquired shall not have indicated its opposition to the consummation of such acquisition (which opposition has not been publicly withdrawn);

(v) (A) with respect to such acquisition or any of the series of related transactions, if the Acquisition Consideration is greater than \$10,000,000, Borrower shall have provided the Administrative Agent and the Lenders with (I) notice of such Acquisition setting forth in reasonable detail the terms and conditions of such Acquisition, (II) financial statements of the Borrower and its Subsidiaries performed on a Pro Forma Basis after giving effect to the consummation of the Acquisition and the incurrence or assumption of any Indebtedness in connection therewith, and (III) a reasonably detailed description of all material information relating thereto and copies of all material documentation pertaining to such transaction;

(vi) such transaction or series of related transactions could not reasonably be expected to result in a Material Adverse Effect;

(vii) prior to the proposed date of consummation of each such transaction, Borrower shall have delivered to the Administrative Agent an Officers' Certificate certifying that such transaction and related series of transactions complies with this definition (which shall have attached thereto reasonably detailed backup data and calculations showing such compliance);

(viii) the Acquisition Consideration for such acquisition or series of related transactions shall not exceed \$20,000,000, and the aggregate amount of the Acquisition Consideration for all Permitted Acquisitions since the Closing Date shall not exceed \$50,000,000; provided that, in all events, no Equity Interests constituting all or a portion of such Acquisition Consideration shall require any payments or other distributions of cash or property in respect thereof, or any purchases, redemptions or other acquisitions thereof for cash or property, in each case prior to the 91st day following payment in full in cash and performance of the Obligations; and

*provided, further*, (a) in the case of an acquisition of all or substantially all of the property of any person, the person making such acquisition is Borrower or a Guarantor, and (II) to the extent required under the Loan Documents, including [Section 5.10](#), upon consummation of the Permitted Acquisition, the person being so acquired becomes a Guarantor, (b) in the case of an acquisition of in excess of 50% of the Equity Interests of any person, (I) the person making such acquisition is Borrower or a Guarantor, and to the extent required under the Loan Documents, including [Section 5.10](#), upon consummation of the Permitted Acquisition, the person the Equity Interests of which are being so acquired becomes a Guarantor, and (c) in the case of a merger or consolidation or any other combination with any person, the person surviving such merger, consolidation or other combination (I) is Borrower or a Guarantor or (II) to the extent required under the Loan Documents, including [Section 5.10](#), upon consummation of the Permitted Acquisition becomes a Guarantor.

**“Permitted Cure Security”** shall mean an equity security of the Holdings or Parent that is Qualified Capital Stock.

**“Permitted Hedging Agreement”** shall mean any Hedging Agreement to the extent constituting a swap, cap, collar, forward purchase or similar agreements or arrangements dealing with commodities, interest rates, or currency exchange rates, either generally or under specific contingencies, in each case entered into in the ordinary course of business and not for speculative purposes or taking a “market view”.

**“Permitted Junior Refinancing Debt”** shall mean secured refinancing Indebtedness incurred by the Borrower or any of its Subsidiaries and guarantees with respect thereto by any Loan Party in the form of one or more series of second lien (or lower priority) secured notes; *provided*, that (i) such refinancing Indebtedness is secured by the Collateral on a second lien, subordinated basis to the Obligations hereunder and the obligations in respect of any Permitted Pari Passu Refinancing Debt and is not secured by any property or assets of the Borrower and its Subsidiaries other than the Collateral, (ii) such refinancing Indebtedness satisfies the requirements of the proviso in the definition of Credit Agreement Refinancing Indebtedness, (iii) such refinancing Indebtedness does not mature or have scheduled amortization or payments of principal prior to the date that is 91 days after the Latest Maturity Date at the time such refinancing Indebtedness is incurred, (iv) the security agreements relating to such Indebtedness are, taken as a whole, substantially the same as the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent (it being understood and agreed (A) that differences that are as or more favorable to both (x) the interests of the Borrower and the other Loan Parties and (y) the Lenders, shall be reasonably satisfactory to the Administrative Agent and (B) no Subsidiary of the Borrower may grant security other than a Loan Party)), (v) such refinancing Indebtedness is not guaranteed by any person other than the Guarantors, (vi) a Senior Representative validly acting on behalf of the holders of such refinancing Indebtedness shall have become party to intercreditor and subordination documentation with the Administrative Agent and/or the Collateral Agent (as agent for the Secured Parties) and any other Senior Representative then party to the Intercreditor Agreement reasonably satisfactory to the Administrative Agent and (vii) such refinancing Indebtedness is subordinated in right of payment, and subordinated with respect to Liens, to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the subordination of the refinancing Indebtedness being modified, refinanced, refunded, renewed or extended on customary terms and reasonably acceptable to the Administrative Agent. Permitted Junior Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

**“Permitted Liens”** shall have the meaning assigned to such term in [Section 6.02](#).

**“Permitted Parent Payments”** shall mean, without duplication as to amounts:

(a) payments to Parent or Holdings or, in each case, any Subsidiary or successor thereof, to permit Parent or Holdings or such Subsidiary or successor to pay (i) franchise taxes or other costs of maintaining its corporate existence and (ii) accounting, legal and administrative and other operating expenses of Parent or Holdings when due; *provided* that, in the case of clause (ii), such payments shall not exceed \$250,000 in any twelve month period;

(b) for so long as Borrower or any Subsidiary thereof is a member of a group or subgroup filing a consolidated or combined tax return with Parent or Holdings or, in each case, any Subsidiary or successor thereof, payments, directly or indirectly, to Parent or Holdings or any such Subsidiary or successor in respect of an allocable portion of the tax liabilities of such group or subgroup that is attributable to Borrower and its Subsidiaries (**“Tax Payments”**). The Tax Payments shall not exceed the net amount of the relevant tax that Parent or Holdings or, in each case, any Subsidiary or successor thereof, actually owes to the appropriate taxing authority attributable to (without duplication) (i) the operations of Borrower and its Subsidiaries, (ii) the direct or indirect ownership of Borrower and its Subsidiaries or (iii) any payments received pursuant to this clause (b) of Permitted Parent Payments. Any Tax Payments received from Borrower shall be paid over to the appropriate taxing authority within 60 days of Parent’s, Holdings’ or such Subsidiary’s or successor’s receipt of such Tax Payments or promptly (and, in all events, within 70 days of receipt from the Borrower) refunded to Borrower; and

(c) dividends or distributions not to exceed \$500,000 in any fiscal year to Parent or Holdings plus reasonable and customary out-of-pocket expenses to permit Parent or Holdings to satisfy its payment obligations, if any, under the Management Agreement as in effect on the Closing Date, or as later amended (the **“Management Fees”**), *provided* that any such amendment is not more adverse to the interests of Borrower in any material respect than the Management Agreement as in effect on the Closing Date.

To the extent that the Borrower is permitted to make Permitted Parent Payments pursuant to clauses (a), (b) or (c) above, the same may be paid directly by the Borrower to the recipient thereof, and in such case, shall constitute “Permitted Parent Payments” hereunder and to the extent any basket is applicable, the amount of any payment so paid shall reduce the amount of “Permitted Parent Payments” that may be made in respect thereof.

**“Permitted Pari Passu Refinancing Debt”** shall mean any secured refinancing Indebtedness incurred by Borrower in the form of one or more series of senior secured notes; *provided*, that (i) such refinancing Indebtedness is secured by the Collateral on a pari passu basis (but without regard to the control of remedies) with the Obligations hereunder and is not secured by any property or assets of the Parent or its Subsidiaries other than the Collateral, (ii) such Indebtedness satisfies the requirements of the proviso in the definition of Credit Agreement Refinancing Indebtedness, (iii) such Indebtedness does not mature or have scheduled amortization or payments of principal prior to the date that is 91 days after the Latest Maturity Date at the time such Indebtedness is incurred, (iv) the security agreements relating to such Indebtedness are, taken as a whole, substantially the same as the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent (it being understood and agreed (A) that differences that are as or more favorable to both (x) the interests of the Borrower and the other Loan Parties and (y) the Lenders, shall be reasonably satisfactory to the Administrative Agent and (B) no Subsidiary of the Borrower may grant security other than a Loan Party)), (v) such Indebtedness is not guaranteed by any Person other than the Guarantors, (vi) a Senior Representative validly acting on behalf of the holders of such Indebtedness shall have become party to the Intercreditor Agreement by joinder to the then existing Intercreditor Agreement in substantially the form provided in the Intercreditor Agreement (or otherwise at the option of the Administrative Agent, execute and deliver the Intercreditor Agreement pursuant to an amendment and restatement thereto) and with such amendments to the

Intercreditor Agreement (in a manner reasonably satisfactory to the Administrative Agent) required to allocate voting rights among the holders of such Indebtedness and the Lenders hereunder (and any other technical amendments required in connection therewith) as reasonably determined by the Administrative Agent and (vii) if the Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated, such secured refinancing Indebtedness is subordinated (pursuant to documentation reasonably acceptable to the Administrative Agent) in right of payment to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the subordination of the Indebtedness being modified, refinanced, refunded, renewed or extended. Permitted Pari Passu Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

**“Permitted Refinancing”** shall mean, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; *provided* that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended, except by an amount equal to unpaid accrued or capitalized interest and premium thereon *plus* other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension and *plus* an amount equal to any existing commitments unutilized of the Indebtedness so modified, refinanced, refunded, renewed or extended, (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the date that is 91 days after the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended, (c) at the time thereof, no Default or Event of Default shall have occurred and be continuing, (d) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the subordination of the Indebtedness being modified, refinanced, refunded, renewed or extended and (e) neither Holdings nor any of its Subsidiaries shall be an obligor or guarantor of any such refinancings, replacements, refundings, renewals or extensions except to the extent that such Person was such an obligor or guarantor in respect of the applicable Indebtedness being modified, refinanced, refunded, renewed or extended.

**“Permitted Unsecured Refinancing Debt”** shall mean unsecured Indebtedness incurred by the Borrower or any of its Subsidiaries and guarantees with respect thereto by any Loan Party in the form of one or more series of Senior Unsecured Indebtedness or Junior Indebtedness; *provided* that (i) such refinancing Indebtedness satisfies the requirements of the proviso in the definition of Credit Agreement Refinancing Indebtedness, (ii) such Indebtedness does not mature or have scheduled amortization or payments of principal prior to the date that is 91 days after the Latest Maturity Date at the time such Indebtedness is incurred, (iii) such Indebtedness is not guaranteed by any Person other than the Guarantors; and (iv) such Indebtedness is not secured by any Lien on any property or assets of the Parent or its Subsidiaries. Permitted Unsecured Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor to the extent meeting the requirements set forth in this definition.

**“Person”** or **“person”** shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

**“Platform”** shall have the meaning assigned to such term in Section 11.01(d).

“**Pledgor**” shall mean each Company listed on Schedule 1.01(d), and each other Subsidiary of any Loan Party that is or becomes a party to this Agreement (in its capacity as a Subsidiary Guarantor) and the Security Documents pursuant to Section 5.10.

“**Preferred Stock**” shall mean any Equity Interest with preferential right of payment (i) of dividends, or (ii) upon liquidation, dissolution or winding up of the issuer of such Equity Interest.

“**Preferred Stock Issuance**” shall mean the issuance or sale by any Company of any Preferred Stock constituting Disqualified Capital Stock after the Closing Date (other than any such issuance or sale by any Wholly Owned Subsidiary of the Borrower to the Borrower or any Wholly Owned Subsidiary of the Borrower).

“**Premises**” shall have the meaning assigned thereto in the applicable Mortgage.

“**Principal**” shall mean Trimaran or Freeman Spogli, investment funds managed by Trimaran or Freeman Spogli, partners of Trimaran or Freeman Spogli, equity co-investors in Trimaran Pollo Partners, L.L.C., affiliates of Trimaran or Freeman Spogli, an entity controlled by any of the foregoing and/or by a trust of the type described hereafter, and/or a trust for the benefit of any of the foregoing.

“**Private Siders**” shall mean Lenders’ employees and representatives who have declared that they are authorized to receive material non-public information.

“**Pro Forma Basis**” shall mean, with respect to compliance with any test or covenant hereunder, compliance with such covenant or test after giving effect to (a) any Permitted Acquisition (to the extent not subsequently disposed of during such period) or (b) any Asset Sale, as if such Permitted Acquisition or Asset Sale, and all other Permitted Acquisitions or Asset Sales consummated during the applicable period, and any Indebtedness or other liabilities incurred in connection with such Permitted Acquisitions or Asset Sales had been consummated and incurred at the beginning of such period. For purposes of this definition, if any Indebtedness to be so incurred bears interest at a floating rate and is being given pro forma effect, the interest on such Indebtedness will be calculated as if the rate in effect on the date of incurrence had been the applicable rate for the entire period (taking into account any applicable interest rate Hedging Agreements).

“**Pro Rata Percentage**” of any Revolving Lender at any time shall mean the percentage of the total Revolving Commitments of all Revolving Lenders represented by such Lender’s Revolving Commitment.

“**Projections**” shall have the meaning assigned to such term in Section 3.04(c).

“**property**” shall mean any right, title or interest in or to property or assets of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible and including Equity Interests of any person and whether now in existence or owned or hereafter entered into or acquired, including all Real Property, cash, securities, accounts, revenues and contract rights.

“**Public Lenders**” shall mean Lenders that do not wish to receive Non-Public Information with respect to the Borrower or its Subsidiaries.

“**Purchase Money Obligation**” shall mean, for any person, the obligations of such person in respect of Indebtedness (including Capital Lease Obligations) incurred for the purpose of financing all or any part of the purchase price of any fixed or capital assets (including Equity Interests of any person owning fixed or capital assets) or the cost of installation, construction or improvement of any fixed or capital assets; *provided, however*, that (i) such Indebtedness is incurred within 30 days after such

acquisition, installation, construction or improvement of such fixed or capital assets (including Equity Interests of any person owning the applicable fixed or capital assets) by such person and (ii) the amount of such Indebtedness does not exceed 100% of the cost of such acquisition, installation, construction or improvement, as the case may be.

**“Qualified Capital Stock”** of any person shall mean any Equity Interests of such person that are not Disqualified Capital Stock.

**“Qualified ECP Guarantor”** shall mean, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act.

**“Real Property”** shall mean, collectively, all right, title and interest (including any leasehold, fee, mineral or other estate) in and to any and all parcels of or interests in real property owned, leased or operated by any person, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures, all general intangibles and contract rights and other property and rights incidental to the ownership, lease or operation thereof.

**“Reference Date”** shall have the meaning assigned to such term in the definition of “Available Amount”.

**“Refinanced Debt”** shall have the meaning assigned to such term in the definition of “Credit Agreement Refinancing Indebtedness”.

**“Refinancing Amendment”** shall mean an amendment to this Agreement in form and substance reasonably satisfactory to the Administrative Agent and Borrower executed by each of (a) the Borrower, (b) the Administrative Agent and (c) each Additional Lender that agrees to provide any portion of the Credit Agreement Refinancing Indebtedness being incurred pursuant thereto.

**“Refinancing Revolving Loan Commitments”** shall mean one or more Tranches of revolving loan commitments hereunder that result from a Refinancing Amendment.

**“Refinancing Revolving Loans”** shall mean one or more Tranches of Revolving Loans that result from a Refinancing Amendment.

**“Refinancing Term Commitments”** shall mean one or more Tranches of Term Loan Commitments hereunder that result from a Refinancing Amendment.

**“Refinancing Term Loans”** shall mean one or more Tranches of Term Loans that result from a Refinancing Amendment.

**“Register”** shall have the meaning assigned to such term in [Section 11.04\(d\)](#).

**“Registered Equivalent Notes”** shall mean, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act of 1933, substantially identical notes (having the same guarantee obligations) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

**“Regulation D”** shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Regulation T”** shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Regulation U”** shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Regulation X”** shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Reimbursement Obligations”** shall mean Borrower’s obligations under Section 2.17(e) to reimburse LC Disbursements.

**“Reinvestment Yield”** shall mean 0.50% over the yield to maturity implied by (a) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the applicable prepayment date on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets (or, if Page PX1 is unavailable, the Telerate Access Service Screen which corresponds most closely with Page PX1) for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the difference between the first anniversary of the Closing Date and the date of such prepayment (such difference, the **“Remaining Period”**), or (b) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding such prepayment date, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Period. Such implied yield will be determined, if necessary, by interpolating linearly between (1) the actively traded U.S. Treasury security with the duration closest to and greater than the Remaining Period and (2) the actively traded U.S. Treasury security with the duration closest to and less than the Remaining Period.

**“Related Party”** shall mean: (a) any controlling equity holder or more than 50% owned Subsidiary of any Principal; or (b) any person(s) beneficially holding a more than 50% controlling interest of which consist of the Principal and/or such other persons referred to in the immediately preceding clause (a).

**“Related Person”** shall mean, with respect to any person, (a) each Affiliate of such person and each of the officers, directors, partners, trustees, employees, affiliates, shareholders, Advisors, agents, attorneys-in-fact and Controlling persons of each of the foregoing, and (b) if such person is an Agent, each other person designated, nominated or otherwise mandated by or assisting such Agent pursuant to Section 10.05 or any comparable provision of any Loan Document.

**“Release”** shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating of any Hazardous Materials in, into, onto, from or through the Environment or any Real Property.

**“Repricing Event”** shall mean (a) all or any portion of the initial Term Loans is voluntarily or mandatorily (solely with respect to Section 2.10(m)) prepaid in connection with a refinancing the effect of which is to reduce the “effective yield” (which shall be determined by including interest rate margins or interest rate floors applicable to the initial Term Loans, but excluding arrangement, structuring, underwriting commitment, amendment or other fees not paid generally to all lenders of such indebtedness) which results in a lower “effective yield” (determined on the same basis as provided in the preceding parenthetical) than that of initial Term Loans, or (b) any amendment to the Loan Documents which reduces the “effective yield” (determined on the same basis as provided in clause (a) directly



above) applicable to all or a portion of the initial Term Loans; *provided* that, notwithstanding anything to the contrary, in no event shall any prepayment or repayment in connection with a financing for the consummation of any acquisition or merger by Parent or any of its Subsidiaries, an initial public offering or a change in control, constitute a Repricing Event.

**“Repricing Premium”** shall mean a prepayment premium equal to 1.00% of the principal amount of Term Loans so prepaid or repriced pursuant to a Repricing Event.

**“Required Lenders”** shall mean, at any date of determination (and subject to Section 2.16(c)), two or more Lenders having Loans, LC Exposure and unused Revolving and Term Loan Commitments representing more than 50% of the sum of all Loans outstanding, LC Exposure and unused Revolving Loan and Term Loan Commitments at such time; *provided, further*, that for any Required Lenders’ vote, Affiliated Debt Funds may not, in the aggregate, account for more than 49.9% of the amounts included in determining whether the Required Lenders have consented to any amendment or waiver.

**“Required Revolving Lenders”** shall mean, at any date of determination (and subject to Section 2.16(c)), Revolving Lenders having Revolving Loans, LC Exposure and unused Revolving Commitments representing more than 50% of the sum of all Revolving Loans outstanding, LC Exposure and unused Revolving Commitments at such time.

**“Response”** shall mean (a) “response” as such term is defined in CERCLA, 42 U.S.C. § 9601(25) or any other applicable Environmental Law, or (b) all other actions required by any Governmental Authority or voluntarily undertaken to (i) clean up, remove, treat, remediate, contain, assess, abate, monitor or in any other way address any Hazardous Materials at, in, on, under or from any Real Property, or otherwise in the Environment, (ii) prevent, stop, control or minimize the Release or threat of Release, or minimize the further Release, of any Hazardous Material, or (iii) perform studies, investigations, maintenance or monitoring in connection with, following, or as a precondition to or to determine the necessity of, the actions set forth in clause (i) or (ii) above.

**“Responsible Officer”** of any person shall mean any executive officer or Financial Officer of such person and any similar official thereof with significant responsibility for the administration of the obligations of such person in respect of this Agreement.

**“Restaurant”** means a restaurant at a particular location that is owned or operated by Borrower or a Subsidiary of Borrower.

**“Restricted Indebtedness”** shall mean Indebtedness of any Company, the payment, prepayment, repurchase, defeasance or acquisition for value of which is restricted under Section 6.11.

**“Revolving Availability Period”** shall mean the period from and including the Closing Date to but excluding the earlier of (i) the Business Day preceding the Revolving Maturity Date and (ii) the date of termination of the Revolving Commitments.

**“Revolving Borrowing”** shall mean a Borrowing comprised of Revolving Loans.

**“Revolving Commitment”** shall mean, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans hereunder up to the amount set forth on Annex I or on Schedule 1 to the Assignment and Acceptance pursuant to which such Lender assumed its Revolving Commitment, as applicable, as the same may be reduced from time to time pursuant to Section 2.07 and reduced or increased from time to time pursuant to Incremental Revolving Loan Commitments or assignments by or to such Lender pursuant to Section 11.04. The aggregate principal amount of the Lenders’ Revolving Commitments on the Closing Date is \$15,000,000.

**“Revolving Exposure”** shall mean, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender, *plus* the aggregate amount at such time of such Lender’s LC Exposure, *plus* the aggregate amount at such time of such Lender’s Swing Line Exposure.

**“Revolving Lender”** shall mean a Lender with a Revolving Commitment.

**“Revolving Loan”** shall mean a Loan made by the Lenders to Borrower pursuant to Section 2.01(b), including, unless the context shall otherwise require, any Incremental Revolving Loans made pursuant to Section 2.19 after the Closing Date. Each Revolving Loan shall either be an ABR Revolving Loan or a Eurodollar Revolving Loan.

**“Revolving Maturity Date”** shall mean (x) with respect to any Revolving Commitments the maturity date of which has not been extended pursuant to Section 2.20, the date which is five (5) years after the Closing Date or, if such date is not a Business Day, the first Business Day thereafter and (y) and with respect to any Extended Tranche of Revolving Commitments, the final maturity date specified in the applicable Extension Election accepted by the respective Lender or Lenders.

**“Sale and Leaseback Transaction”** shall have the meaning assigned to such term in Section 6.03.

**“Second Lien Administrative Agent”** shall mean Jefferies Finance LLC, in its capacity as administrative agent under the Second Lien Credit Agreement, and its successors and assigns.

**“Second Lien Collateral Agent”** shall mean Jefferies Finance LLC, in its capacity as collateral agent under the Second Lien Credit Agreement, and its successors and assigns.

**“Second Lien Credit Agreement”** shall mean that certain second lien credit agreement, dated as of the date hereof among the Borrower, Parent, the lenders party thereto, the Second Lien Administrative Agent, the Second Lien Collateral Agent and the other agents or parties named therein, as amended, restated, supplemented, modified, refinanced or increased from time to time to the extent permitted by this Agreement and the Intercreditor Agreement.

**“Second Lien Guarantor”** shall have the meaning assigned to such term in Section 5.10(b).

**“Second Lien Loan Documents”** shall mean the Second Lien Credit Agreement and the other “Loan Documents” as defined in the Second Lien Credit Agreement.

**“Second Lien Obligations”** shall have the meaning assigned to the term “Obligations” (as in effect on the date hereof and as amended, restated, supplemented, modified or refinanced to the extent not prohibited by this Agreement) in the Second Lien Credit Agreement (as in effect on the date hereof and as amended, restated, supplemented, modified or refinanced from time to time to the extent not prohibited by this Agreement).

**“Second Lien Term Loans”** shall have the meaning assigned to the term “Loans” in the Second Lien Credit Agreement.

**“Secured Obligations”** shall mean the Obligations; *provided* that, notwithstanding anything to the contrary, the Secured Obligations shall exclude any Excluded Swap Obligations.

“**Secured Parties**” shall mean, collectively with respect to the Obligations, the Administrative Agent, the Collateral Agent, each other Agent, the Lenders and the holders of Specified Hedging Agreement Obligations.

“**Securities Act**” shall mean the Securities Act of 1933.

“**Securities Collateral**” shall mean all securities and other investment related property constituting Collateral.

“**Security Agreement**” shall mean a Security Agreement substantially in the form of Exhibit K among the Loan Parties and the Collateral Agent for the benefit of the Secured Parties, as the same may be supplemented from time to time by one or more Joinder Agreements.

“**Security Agreement Collateral**” shall mean all property or purported to be pledged or granted as collateral pursuant to the Security Agreement delivered on the Closing Date or thereafter pursuant to Section 5.10.

“**Security Documents**” shall mean the Security Agreement, the Mortgages, each Control Agreement and each other security agreement or pledge agreement delivered in accordance with applicable local or foreign Legal Requirements to grant a valid, enforceable, perfected security interest (with the priority required under the Loan Documents) in any property as collateral for the Secured Obligations and the Specified Hedging Agreement Obligations, and all UCC or other financing statements or instruments of perfection required by this Agreement, the Security Agreement, any Mortgage, any Control Agreement or any other such security document or pledge agreement to be filed or registered with respect to the security interests in property created pursuant to the Security Agreement, any Mortgage, any Control Agreement and any other document or instrument utilized to pledge any property as collateral for the Secured Obligations and the Specified Hedging Agreement Obligations.

“**Senior Representative**” shall mean, with respect to any series of Permitted Pari Passu Refinancing Debt or Permitted Junior Refinancing Debt, the trustee, administrative agent, collateral agent, security agent or similar agent or Person under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

“**Senior Unsecured Indebtedness**” shall mean senior unsecured Indebtedness of the Borrower and its Subsidiaries for borrowed money that (a) does not have a final maturity date prior to the Latest Maturity Date at the time such Indebtedness is incurred, (b) does not have a shorter Weighted Average Life to Maturity than the Term Loans, (c) the covenants and events of default and other terms of which (other than pricing, interest rate margins, rate floors, fees, discounts, interest rate, premiums and prepayment provisions) are not, taken as a whole, more restrictive to the Parent and its Subsidiaries in any material respect than those in the Second Lien Credit Agreement; *provided*, that the terms thereof shall not include any mandatory prepayment (other than repurchases with respect to asset sales and insurance recoveries and customary offers to repurchase upon a change of control) that is materially more restrictive with respect to such entities when taken as a whole than those in the Second Lien Credit Agreement, and (d) bears interest that is a market rate of interest on the date of issuance of such Indebtedness as determined by the Borrower in good faith.

“**Similar Business**” shall mean any business conducted by Borrower and its Subsidiaries on the date hereof or any business that is similar, reasonably related, incidental or ancillary thereto or a commercially reasonable extension thereof.

“**Sole Book Runner**” means Jefferies Finance LLC.

“**Solvency Certificate**” shall have the meaning assigned to such term in Section 4.01(h).

“**SPC**” shall have the meaning assigned to such term in Section 11.04(i).

“**Specified Existing Tranche**” shall have the meaning assigned to such term in Section 2.20(a).

“**Specified Hedging Agreement**” shall mean each Hedging Agreement (to the extent the Hedging Obligations thereunder are permitted pursuant to Section 6.01(c)) relating to the Loans entered into with any counterparty that was a Lender or an Affiliate of a Lender at the time that such Hedging Agreement was entered into.

“**Specified Hedging Agreement Obligations**” shall mean (a) all obligations of Borrower and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of each amount (including all liabilities) required to be paid by Borrower and the other Loan Parties under each Specified Hedging Agreement (and under each Loan Document with respect thereto), when and as due, including payments in respect of interest thereon (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide cash collateral and all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of Borrower under each Specified Hedging Agreement (and under each Loan Document with respect thereto), and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of Borrower and the other Loan Parties under or pursuant to each Specified Hedging Agreements (and under each Loan Document with respect thereto).

“**Sponsor**” shall mean, collectively, Trimaran Capital Partners and Freeman Spogli & Co.

“**Sponsor Investors**” shall have the meaning assigned to such term in Section 11.04(b)(vii)(A).

“**Standby Letter of Credit**” shall mean any letter of credit (other than a Commercial Letter of Credit) or similar instrument issued pursuant to this Agreement to support obligations of Borrower or any of its Subsidiaries incurred in the ordinary course of business.

“**Statutory Reserves**” shall mean, for any day during any Interest Period for any Eurodollar Borrowing, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained, during such Interest Period under regulations issued from time to time (including Regulation D (the “**Reserve Regulations**”)) by member banks of the United States Federal Reserve System in New York City with deposits exceeding one billion Dollars against Eurocurrency funding liabilities (currently referred to as “Eurocurrency liabilities” (as such term is used in Regulation D)). Eurodollar Borrowings shall be deemed to constitute Eurodollar liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to any Lender under the Reserve Regulations.

“**Subordinated Indebtedness**” shall mean Indebtedness of any Company that is by its terms subordinated in right of payment to all or any portion of the Secured Obligations and the Specified Hedging Agreement Obligations.

“**Subsidiary**” shall mean, with respect to any person (the “**parent**”) at any date, (i) any person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, (ii) any other corporation, limited liability company, association or other business entity of which securities or

other ownership interests representing more than 50% of the voting power of all Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent and (iii) any other person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent. Unless the context requires otherwise, “**Subsidiary**” refers to a Subsidiary of Borrower.

“**Subsidiary Guarantor**” shall mean each Subsidiary listed on Schedule 1.01(c), and each other Subsidiary of any Loan Party that is or becomes a party to this Agreement and the Security Documents pursuant to Section 5.10.

“**Survey**” shall mean a ALTA/ACSM survey of any Mortgaged Property (and all improvements thereon) which is (a) (i) prepared by a surveyor or engineer licensed to perform surveys in the state where such Mortgaged Property is located, (ii) current as of a date which shows all exterior construction on the site of such Mortgaged Property or any easement, right of way or other interest in the Mortgaged Property that has been granted or become effective through operation of applicable Legal Requirements or otherwise with respect to such Mortgaged Property which, in either case, can be depicted on a survey unless otherwise acceptable to Collateral Agent, (iii) complying in all respects with the minimum detail requirements of the American Land Title Association as such requirements are in effect on the date of preparation of such survey and (iv) sufficient for the Title Company to remove all standard survey exceptions from the title insurance policy (or commitment) relating to such Mortgaged Property and issue the endorsements of the type required by the Collateral Agent as required by Section 5.13 or (b) otherwise reasonably acceptable to the Collateral Agent.

“**Swap Obligation**” shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“**Swing Line Commitment**” shall mean the commitment of the Swing Line Lender to make loans pursuant to Section 2.18(a), as the same may be reduced from time to time pursuant to Section 2.07 or to Section 2.18. The aggregate principal amount of the Swing Line Commitment shall be \$5,000,000 on the Closing Date, and the Swing Line Commitment shall in no event exceed the Revolving Commitment.

“**Swing Line Exposure**” shall mean at any time the aggregate principal amount at such time of all outstanding Swing Line Loans. The Swing Line Exposure of any Revolving Lender at any time shall equal its Pro Rata Percentage of the aggregate Swing Line Exposure at such time.

“**Swing Line Lender**” shall have the meaning assigned to such term in the preamble hereto.

“**Swing Line Loans**” shall mean any loan made by the Swing Line Lender pursuant to Section 2.18(b).

“**Syndication Agent**” shall mean Golub Capital LLC.

“**Synthetic Lease**” shall mean, as to any person, (i) a synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property (including a Sale and Leaseback Transaction), in each case, creating obligations that do not appear on the balance sheet of such person but which, upon the application of any Insolvency Laws to such person, would be characterized as the indebtedness of such person (without regard to accounting treatment).

“**Synthetic Lease Obligations**” shall mean, as to any person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease that would appear on a balance sheet of such person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations.

“**Synthetic Purchase Agreement**” shall mean any swap, derivative or other agreement or combination of agreements pursuant to which any Company is or may become obligated to make (a) any payment in connection with a purchase by any third party from a person other than a Company of any Equity Interest or Restricted Indebtedness or (b) any payment (other than on account of a permitted purchase by it of any Equity Interest or Restricted Indebtedness) the amount of which is determined by reference to the price or value at any time of any Equity Interest or Restricted Indebtedness.

“**Tax Returns**” shall mean all returns, statements, filings, attachments and other documents or certifications filed or required to be filed in respect of Taxes.

“**Taxes**” shall mean (i) any and all present or future taxes, duties, levies, imposts, assessments, fees, deductions, withholdings or other similar charges, whether computed on a separate, consolidated, unitary, combined or other basis and any and all liabilities (including interest, fines, penalties or additions with respect to any of the foregoing) with respect to the foregoing, and (ii) any transferee, successor, joint and several, contractual or other liability (including liability pursuant to Treasury Regulation § 1.1502-6 (or any similar provision of state, local or non-U.S. law)) in respect of any item described in clause (i).

“**Term Borrowing**” shall mean a Borrowing comprised of Term Loans.

“**Term Loans**” shall mean the term loans made by the Lenders to Borrower pursuant to Section 2.01(a), including, unless the context shall otherwise require, any Incremental Term Loans made pursuant to Section 2.19 after the Closing Date. Each Term Loan shall be either an ABR Term Loan or a Eurodollar Term Loan.

“**Term Loan Commitment**” shall mean, with respect to each Lender, the commitment, if any, of such Lender to make a Term Loan hereunder in the amount set forth on Annex I to this Agreement or on Schedule 1 to the Assignment and Acceptance pursuant to which such Lender assumed its Term Loan Commitment, as applicable, as the same may be reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.04. The aggregate principal amount of the Lenders’ Term Loan Commitments on the Closing Date is \$190,000,000.

“**Term Loan Lender**” shall mean a Lender with a Term Loan Commitment or an outstanding Term Loan.

“**Term Loan Maturity Date**” shall mean (x) with respect to any Term Loans the maturity date of which has not been extended pursuant to Section 2.20, the date which is five (5) years after the Closing Date or, if such date is not a Business Day, the first Business Day thereafter, (y) with respect to any Incremental Term Loans, the final maturity date applicable to such Incremental Term Loans, determined in accordance with, and subject to the terms of, Section 2.19 and (z) with respect to any Extended Tranche of Term Loans, the final maturity date specified in the applicable Extension Election accepted by the respective Lender or Lenders.

“**Term Loan Repayment Date**” shall have the meaning assigned to such term in Section 2.09(a).

“**Test Period**” shall mean, at any time, the twelve consecutive fiscal months of Parent then last ended (in each case taken as one accounting period) for which financial statements have been or are required to be delivered pursuant to Section 5.01(a) or (b).

“**Title Company**” shall mean any title insurance company as shall be retained by Borrower and reasonably acceptable to the Administrative Agent.

“**Title Policy**” shall have the meaning assigned to such term in Section 5.13(a)(i).

“**Total Leverage Ratio**” shall mean, at any date of determination, the ratio of (i) Consolidated Indebtedness on such date to (ii) Consolidated EBITDA for the Test Period then most recently ended.

“**Tranche**” shall mean each tranche of Loans available hereunder. On the Closing Date there shall be two tranches, one comprised of the Term Loans and the other comprised of the Revolving Loans.

“**Transaction Documents**” shall mean the Loan Documents and the Second Lien Loan Documents.

“**Transactions**” shall mean, collectively, the transactions to occur pursuant to, or contemplated by, the Transaction Documents, including: (a) the execution, delivery and performance of the Loan Documents and the initial Credit Extensions hereunder; (b) the execution, delivery and performance of Second Lien Loan Documents and, on the Closing Date, the funding of all of the Second Lien Term Loans and the receipt of the proceeds thereof by Borrower; (c) payment-in-full repayment (or, in the case of the 17.00% Second Priority Senior Secured Notes due 2018, satisfaction and discharge) of, and discharge of all obligations under, the Existing Debt (and the release of all Liens, if any, with respect thereto) pursuant to the Existing Debt Repayment Documents; and (d) the payment of all fees, costs and expenses to be paid on or prior to or up to 365 days after the Closing Date in connection with the foregoing.

“**Transferred Guarantor**” shall have the meaning assigned to such term in Section 7.09.

“**Trimaran**” shall mean Trimaran Capital Partners LLC, a Delaware limited liability company.

“**Type**” shall mean, when used in reference to any Loan or Borrowing, a reference to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined on the basis of Adjusted LIBOR Rate or the Alternate Base Rate.

“**UCC**” shall mean the Uniform Commercial Code as in effect from time to time (except as otherwise specified) in any applicable state or jurisdiction.

“**Unfunded Pension Liability**” shall mean the excess of a Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the actuarial assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“**United States**” and “**U.S.**” shall mean the United States of America.

“**Voting Stock**” shall mean, with respect to any person, any class or classes of Equity Interests pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such person.

“**Weighted Average Life to Maturity**” shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness.

**“Wholly Owned Subsidiary”** shall mean, with respect to any person, a Subsidiary of such person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) will at the time be owned by such person and/or by one or more Wholly Owned Subsidiaries of such person.

Section 1.02 **Classification of Loans and Borrowings.** For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.*, a “Revolving Loan”) or by Type (*e.g.*, a “Eurodollar Loan”) or by Class and Type (*e.g.*, a “Eurodollar Revolving Loan”). Borrowings also may be classified and referred to by Class (*e.g.*, a “Revolving Borrowing,” “Borrowing of Term Loans”) or by Type (*e.g.*, a “Eurodollar Borrowing”) or by Class and Type (*e.g.*, a “Eurodollar Revolving Borrowing”).

Section 1.03 **Terms Generally.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. Unless otherwise specified, the phrase “Material Adverse Effect” shall be deemed to be followed by the phrase “individually or in the aggregate”. The words “asset” and “property” shall be construed to have the same meaning and effect. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any Loan Document, agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in any Loan Document), (b) any reference herein to any person shall be construed to include such person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, unless otherwise indicated and any reference to any law or regulation shall (i) include all statutory and regulatory provisions consolidating, amending, replacing or interpreting or supplementing such law or regulation, and (ii) unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time. This Section 1.03 shall apply, *mutatis mutandis*, to all Loan Documents.

Section 1.04 **Accounting Terms; GAAP.** Except as otherwise expressly provided herein, all financial statements to be delivered pursuant to this Agreement shall be prepared in accordance with GAAP as in effect from time to time and all terms of an accounting or financial nature shall be construed and interpreted in accordance with GAAP, as in effect on the date hereof. If at any time any change in GAAP would affect the computation of any financial ratio set forth in any Loan Document or any financial definition, the availability under any basket herein or the computation of any other provision of this Agreement, and Borrower or the Required Lenders shall so request, the Administrative Agent and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to approval by the Required Lenders and Borrower, in each case and subject to Section 11.02, not to be unreasonably withheld or delayed); *provided* that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein, and Borrower shall provide to the Administrative Agent and the Lenders within three Business Days after delivery of each certificate or financial report required hereunder that is affected thereby a written statement of a Financial Officer of Borrower setting forth in reasonable detail the differences (including any differences that would affect any calculations relating to the financial covenants as set forth in Section 6.10) that would have resulted if such financial statements had been prepared without giving effect to such change.



Section 1.05 **Pro Forma Calculations**. With respect to any applicable period during which any Permitted Acquisition or Asset Sale occurs as permitted pursuant to the terms hereof, the financial covenants set forth in Section 6.10 shall be calculated with respect to such period and such Permitted Acquisition or Asset Sale on a Pro Forma Basis.

Section 1.06 **Rounding**. Any financial ratios required to be satisfied in order for a specific action to be permitted under this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.07 **Resolution of Drafting Ambiguities**. Each Loan Party acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of the Loan Documents to which it is a party, that it and its counsel reviewed and participated in the preparation and negotiation hereof or thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

## ARTICLE II.

### THE CREDITS

Section 2.01 **Commitments**. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly:

(a) to make a Term Loan to Borrower on the Closing Date in the principal amount equal to its Term Loan Commitment; and (b) to make Revolving Loans to Borrower, at any time and from time to time after the Closing Date until the earlier of the Revolving Maturity Date and the termination of the Revolving Commitment of such Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment.

(b) Amounts paid or prepaid in respect of Term Loans may not be reborrowed. Within the limits set forth in this clause (b) and subject to the terms, conditions and limitations set forth herein, Borrower may borrow, pay or prepay and reborrow Revolving Loans.

The Term Loans shall be funded by each Term Loan Lender to Borrower on the Closing Date at a discount in an amount to be separately agreed; *provided that* the entire amount of such principal shall be deemed outstanding as a Term Loan on the Closing Date.

Section 2.02 **Loans**. (a) Each Loan (other than Swing Line Loans) shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their applicable Commitments of such Class, if any; *provided that* the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Except for Loans deemed made pursuant to Section 2.17(e)(ii) and Swing Line Loans, (x) any Borrowing shall be in an aggregate principal amount that is (i) an integral multiple of \$100,000 and not less than \$250,000 or (ii) equal to the remaining available balance of the applicable Commitments.

(b) Subject to Sections 2.11 and 2.12, each Borrowing shall be comprised entirely of ABR Loans or (other than Swing Line Loans) Eurodollar Loans as Borrower may request pursuant to Section 2.03 or 2.18, as applicable. Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the Lender to make such Loan and Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; *provided* that Borrower shall not be entitled to request any Borrowing that, if made, would result in more than five Eurodollar Borrowings outstanding hereunder at any one time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Except with respect to Loans made pursuant to Section 2.17(e)(ii) and Swing Line Loans, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Administrative Agent may designate from time to time not later than 10:00 a.m., New York City time, and the Administrative Agent shall promptly credit the amounts so received to an account as directed by Borrower in the applicable Borrowing Request or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders within two Business Days. The Swing Line Lender shall make each Swing Line Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds not later than 5:00 p.m., New York City time in the manner specified in Section 2.18(b).

(d) Unless the Administrative Agent shall have received written notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with Section 2.02(c), and the Administrative Agent may, in reliance upon such assumption, make available to Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available, then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and Borrower severally agrees to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules or practices on interbank compensation, and (ii) in the case of Borrower, the interest rate applicable at the time to ABR Loans. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement, and Borrower's obligation to repay the Administrative Agent such corresponding amount pursuant to this Section 2.02(d) shall cease.

(e) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date or the Term Loan Maturity Date, as applicable.

**Section 2.03 Borrowing Procedure.** To request a Revolving Borrowing or Term Borrowing, Borrower shall deliver, by hand delivery or telecopy (or transmit by other electronic transmission, if arrangements for doing so have been approved in writing by the Administrative Agent), a duly completed and executed Borrowing Request to the Administrative Agent (i) in the case of a Eurodollar Borrowing, not later than 1:00 p.m., New York City time, three Business Days before the date of the proposed Borrowing or (ii) in the case of an ABR Borrowing, not later than 1:00 p.m., New York City time, on the date of the proposed Borrowing. Each Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

(a) whether the requested Borrowing is to be a Borrowing of Revolving Loans or Term Loans;

- (b) the aggregate amount of such Borrowing;
- (c) the date of such Borrowing, which shall be a Business Day;
- (d) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (e) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto;
- (f) the location and number of Borrower's account to which funds are to be disbursed; and
- (g) that the conditions set forth in Sections 4.02(b)-(d) are satisfied as of the date of the borrowing.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

#### Section 2.04 **Evidence of Debt; Repayment of Loans.**

(a) Borrower hereby unconditionally promises to pay to (i) the Administrative Agent, for the account of each Term Loan Lender, the principal amount of each Term Loan of such Term Loan Lender as provided in Section 2.09, (ii) the Administrative Agent for the account of each Revolving Lender, the then unpaid principal amount of each Revolving Loan of such Revolving Lender on the Revolving Maturity Date and (iii) for the account of the Swing Line Lender, the then unpaid principal amount of each Swing Line Loan on the earlier of the Revolving Maturity Date and the first date after such Swing Line Loan is made that is the 15th or last Business Day of a calendar month and is at least two Business Days after such Swing Line Loan is made.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type and Class thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder, and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Sections 2.04(a) and (c) shall be *prima facie* evidence of the existence and amounts of the obligations therein recorded; *provided*

that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of Borrower and the other Loan Parties to pay, and perform, the Obligations in accordance with the Loan Documents. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such entries, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

(e) Any Lender by written notice to Borrower (with a copy to the Administrative Agent) may request that Loans of any Class made by it be evidenced by a promissory note. In such event, Borrower shall promptly (and, in all events, within five Business Days (or such longer period as such Lender may agree in its sole discretion) of receipt of such request) prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in the form of Exhibit I-1, I-2 or I-3, as the case may be. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

#### Section 2.05 Fees.

(a) Commitment Fee. Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee (a "**Commitment Fee**") equal to 0.50% *per annum* of the average daily unused amount of each Revolving Commitment of such Lender during the period from and including the date hereof to but excluding the date on which such Commitment terminates. Accrued Commitment Fees shall be payable in arrears (A) on the last Business Day of March, June, September and December of each year, commencing on the first such date to occur after the date hereof, and (B) on the date on which such Commitment terminates. Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing Commitment Fees, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender.

(b) Administrative Agent Fees. Borrower agrees to pay to the Administrative Agent, for its own account, the administrative fees set forth in the Fee Letter and the Agency Fee Letter, and such other fees payable in the amounts and at the times separately agreed upon between Borrower and the Administrative Agent (the "**Administrative Agent Fees**").

(c) LC and Fronting Fees. Borrower agrees to pay to (i) the Administrative Agent for the account of each Revolving Lender a participation fee ("**LC Participation Fee**") with respect to its participations in Letters of Credit, which shall accrue at a rate *per annum* equal to the Applicable Margin from time to time used to determine the interest rate on Eurodollar Revolving Loans pursuant to Section 2.06 on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to Reimbursement Obligations) during the period from and including the Closing Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) the Issuing Bank a fronting fee ("**Fronting Fee**"), which shall accrue at a rate to be agreed between the Issuing Bank and Borrower on the average daily amount of the LC Exposure (excluding any portion thereof attributable to Reimbursement Obligations) during the period from and including the Closing Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's customary fees, charges, costs, and expenses with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Accrued

LC Participation Fees and Fronting Fees shall be payable in arrears (i) on the last Business Day of March, June, September and December of each year, commencing on the first such date to occur after the Closing Date, and (ii) on the date on which the Revolving Commitments terminate. Any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees, charges, costs, and expenses payable to the Issuing Bank pursuant to this Section 2.05(c) shall be payable within five Business Days (or, to the extent not adverse to the interest of any other Lender or Issuing Bank, such longer period as such Issuing Bank may agree in its sole discretion) after demand therefor. All LC Participation Fees and Fronting Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) Other Fees. Borrower agrees to pay the Agents, for their own account, fees payable in the amounts and at the times separately agreed upon between Borrower and the applicable Agents.

(e) Payment of Fees. All Fees shall be paid on the dates due, in immediately available funds in Dollars, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Borrower shall pay (i) the Fronting Fees directly to the Issuing Bank, and (ii) the Fees provided under Section 2.05(d), directly to the Agents. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.06 Interest on Loans. (a) Subject to the provisions of Section 2.06(c), the Loans comprising each ABR Borrowing, including each Swing Line Loan, shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Margin in effect from time to time.

(b) Subject to the provisions of Section 2.06(c), the Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the Adjusted LIBOR Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin in effect from time to time.

(c) Notwithstanding the foregoing, during an Event of Default pursuant to Sections 8.01(a), (b), (g) or (h), all Obligations shall bear interest, after as well as before judgment, at a *per annum* rate equal to (i) in the case of principal of or interest on any Loan, 2.0% plus the rate otherwise applicable to such Loan as provided in Sections 2.06(a) and (b), (ii) in the case of participations in Letters of Credit, 2.0% plus the LC Participation Fee applicable under Section 2.05 or (iii) in the case of any other Obligation, 2.0% plus the rate applicable to ABR Revolving Loans as provided in Section 2.06(a) (in either case, the “**Default Rate**”).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; *provided that* (i) interest accrued pursuant to Section 2.06(c) (including interest on past due interest) and all interest accrued but unpaid on or after the Revolving Maturity Date or the Term Loan Maturity Date, as applicable, shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day); *provided that* any Loan that is repaid on the same day on which it is made shall, subject to Section 2.14, bear interest for one day. The applicable Alternate Base Rate or Adjusted LIBOR Rate shall be determined by the Administrative Agent in

accordance with the provisions of this Agreement and such determination shall be conclusive absent manifest error. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any Insolvency Proceeding.

Section 2.07 **Termination and Reduction of Commitments.** (a) The Term Loan Commitments shall automatically terminate at 5:00 p.m., New York City time, on the Closing Date. The Revolving Commitments, the Swing Line Commitments and the LC Commitment shall automatically terminate on the Revolving Maturity Date.

(b) At its option, Borrower may at any time terminate, or from time to time permanently reduce, the Commitments of any Class; *provided that* (i) each reduction of the Revolving Commitments of any Class shall be in an amount that is an integral multiple of \$250,000 and not less than \$500,000 and (ii) the Revolving Commitments shall not be terminated or reduced if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.10, the aggregate amount of Revolving Exposure for all Lenders would exceed the aggregate amount of Revolving Commitments.

(c) Borrower shall notify the Administrative Agent in writing of any election to terminate or reduce the Commitments under Section 2.07(b) at least three Business Days prior to the effective date of such termination or reduction (which effective date shall be a Business Day), specifying such election and the effective date thereof. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section 2.07 shall be irrevocable; *provided that* a notice of termination of the Commitments delivered by Borrower in accordance with this Section 2.07 may expressly state that such notice is conditioned upon the effectiveness of new credit facilities or similar new Indebtedness and which effectiveness will result in the immediate payment in full in cash of all Obligations and the Cash Collateralization of all outstanding Letters of Credit, in which case such notice may be revoked by Borrower (by written notice to the Administrative Agent on or prior to 2:00 p.m., New York City time, one Business Day prior to the specified notice effective date) if such condition is not satisfied or not reasonably likely to be satisfied and Borrower shall pay any amounts due under Section 2.13, if any, in connection with any such revocation. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

Section 2.08 **Interest Elections.** (a) Each Revolving Borrowing and Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.08. Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding anything to the contrary, Borrower shall not be entitled to request any conversion or continuation that, if made, would result in more than five Eurodollar Borrowings outstanding hereunder at any one time. This Section 2.08 shall not apply to Swing Line Loans, which may not be converted or continued.

(b) To make an election pursuant to this Section 2.08, Borrower shall deliver, by hand delivery or telecopy, a duly completed and executed Interest Election Request to the Administrative Agent not later than the time that a Borrowing Request would be required under Section 2.03 if Borrower were requesting a Revolving Borrowing or Term Borrowing of the Type resulting from such election to be made on the effective date of such election. Each Interest Election Request shall be irrevocable.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, or if outstanding Borrowings are being combined, allocation to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If an Interest Election Request with respect to a Eurodollar Borrowing is not timely delivered prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, the Administrative Agent or the Required Lenders may require, by notice to Borrower, that (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.09 **Amortization of Term Borrowings**. (a) Borrower shall pay to the Administrative Agent, for the account of the Term Loan Lenders, on the last Business Day of each fiscal quarter, commencing with the first full fiscal quarter following the Closing Date (each such date, a "**Term Loan Repayment Date**"), an amount equal to 0.25% of the original principal amount of such Term Loans made on the Closing Date (as adjusted from time to time pursuant to Section 2.10(h)) and in connection with any Incremental Term Loans made pursuant to Section 2.19 hereof), together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment.

(b) To the extent not previously irrevocably paid in full in cash, all Term Loans and all accrued and unpaid interest on such Term Loans shall be due and payable on the Term Loan Maturity Date.

Section 2.10 **Optional and Mandatory Prepayments of Loans.** (a) **Optional Prepayments.** Borrower shall have the right at any time and from time to time, to prepay any Credit Extension, in whole or in part, subject to the requirements of this Section 2.10 and together with (i) all accrued and unpaid interest and (ii) any amounts payable under Section 2.12, on amounts to be prepaid; *provided* that each partial prepayment shall be in an amount that is an integral multiple of not less than \$250,000 or, if less, the outstanding principal amount of such Borrowing.

(b) **Revolving Loan Prepayments.** In the event of the termination of all the evolving Commitments, Borrower shall, on the date of such termination, repay or prepay all its outstanding Revolving Borrowings and Swing Line Loans and either (A) replace all outstanding Letters of Credit or (B) cash collateralize all outstanding Letters of Credit in accordance with the procedures set forth in Section 2.17(i).

(i) In the event of any partial reduction of the Revolving Commitments, then (x) at or prior to the effective date of such reduction, the Administrative Agent shall notify Borrower and the Revolving Lenders of the sum of the Revolving Exposures after giving effect thereto and (y) if the sum of the Revolving Exposures would exceed the aggregate amount of Revolving Commitments after giving effect to such reduction, then Borrower shall, on the date of such reduction, *first*, repay or prepay Swing Line Loans, *second*, repay or prepay Revolving Borrowings and, *third*, replace outstanding Letters of Credit or cash collateralize outstanding Letters of Credit in accordance with the procedures set forth in Section 2.17(i) in an aggregate amount sufficient to eliminate such excess.

(ii) In the event that the sum of all Lenders' Revolving Exposures exceeds the Revolving Commitments then in effect, Borrower shall, without notice or demand, immediately *first*, repay or prepay Swing Line Loans, *second*, repay or prepay Revolving Borrowings, and *third*, replace outstanding Letters of Credit or cash collateralize outstanding Letters of Credit in accordance with the procedures set forth in Section 2.17(i) in an aggregate amount sufficient to eliminate such excess.

(iii) In the event that the aggregate LC Exposure exceeds the LC Commitment then in effect, Borrower shall, without notice or demand, immediately replace outstanding Letters of Credit or cash collateralize outstanding Letters of Credit in accordance with the procedures set forth in Section 2.17(i) in an aggregate amount sufficient to eliminate such excess.

(c) **Asset Sales.** Not later than five Business Days following the receipt of any Net Cash Proceeds of any Asset Sale, Borrower shall apply 100% of such Net Cash Proceeds to make prepayments in accordance with Section 2.10(j); *provided* that with respect to any such Net Cash Proceeds, so long as no Event of Default shall then exist or would arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that Borrower shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such Net Cash Proceeds are reasonably expected to be reinvested (or have a binding commitment to be reinvested) in fixed or capital assets useful in the business of any Loan Party within 365 days following the date of such Asset Sale and such Net Cash Proceeds shall be deposited (and maintained) in a deposit account of the Borrower or any Subsidiary Loan Party which is subject to a Control Agreement; *provided* that, if all or any portion of such Net Cash Proceeds is not so reinvested within a 180-day period following such 365-day period, such unused portion shall be immediately applied on the last day of such period as a mandatory prepayment as provided in this Section 2.10(c);

(d) **Debt Issuance.** Not later than three Business Days following the receipt of any Net Cash Proceeds of any Debt Issuance by any Company, Borrower shall make prepayments in accordance with Section 2.10(j) in an aggregate principal amount equal to 100% of such Net Cash Proceeds.



(e) Equity Issuance. Not later than three Business Days following the receipt of any Net Cash Proceeds of an Equity Issuance pursuant to Section 8.02, the Borrower shall make prepayments in accordance with Sections 2.10(j) and (k) in an aggregate principal amount equal to 100% of such Net Cash Proceeds.

(f) [Intentionally Omitted].

(g) Casualty Events. Not later than five Business Days following the receipt of any Net Cash Proceeds from a Casualty Event by any Company, Borrower shall apply an amount equal to 100% of such Net Cash Proceeds to make prepayments in accordance with Section 2.10(j); *provided* that so long as no Event of Default shall then exist or arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that Borrower shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such proceeds are reasonably expected to be used to repair, replace or restore any property in respect of which such Net Cash Proceeds were paid or to reinvest in assets useful in the business of any Loan Party (or enter into a binding commitment for such reinvestment), no later than 365 days following the date of receipt of such proceeds and such Net Cash Proceeds shall be deposited (and maintained) in a deposit account of the Borrower or any Subsidiary Loan Party which is subject to a Control Agreement; *provided* that if all or any portion of such Net Cash Proceeds is not so reinvested within a 180 day period following such 365 day period, such unused portion shall be immediately applied on the last day of such period as a mandatory prepayment as provided in this Section 2.10(g).

(h) Excess Cash Flow. Within 5 Business Days of the required date of delivery to the Administrative Agent of the financial statements pursuant to Section 5.01(a) with respect to such fiscal year in which such Excess Cash Flow Period occurs, Borrower shall make prepayments in accordance with Sections 2.10(j) and (k) in an aggregate principal amount equal to the following percentage of Excess Cash Flow for the Excess Cash Flow Period then ended based on the First Lien Leverage Ratio at the end of such Excess Cash Flow Period:

<u>First Lien Leverage Ratio</u>	<u>Percentage of Excess Cash Flow</u>
Greater than 2.75:1.00	50%
Equal to or less than 2.75:1.00 and greater than 2:25:1.00	25%
Equal to or less than 2.25:1.00	0%

(i) [Reserved].

(j) Application of Prepayments.

(i) Prior to any optional prepayment hereunder, Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to clause (ii) below, subject to the provisions of this Section 2.10(j). Any prepayments of Loans pursuant to Section 2.10 shall be applied (w) *first* to reduce the Term Loan in direct order for the next eight consecutive quarterly payments and then on a pro rata basis

among the payments remaining to be made on each Term Loan Repayment Date, (x) *second*, to the extent there are prepayment amounts remaining after the application of such prepayments under clause “first”, such excess amounts shall be applied to the prepayment of outstanding Revolving Loans (including to Cash Collateralize outstanding Letters of Credit) (but without any corresponding reduction in Revolving Commitments and Borrower shall comply with Section 2.10(b)), and (y) *third*, to the extent there are prepayment amounts remaining after the application of such prepayments under clauses “first” and “second”, such excess amounts shall be applied to the prepayment of outstanding Second Lien Term Loans on a pro rata basis in accordance with the terms of the Second Lien Credit Agreement and the Intercreditor Agreement.

(ii) Amounts to be applied pursuant to this Section 2.10 to the prepayment of Loans shall be applied, as applicable, *first*, to reduce ABR Loans and, *thereafter*, any amounts remaining after each such application shall be applied to prepay Eurodollar Loans.

(k) Notice of Prepayment. Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swing Line Loan, the Swing Line Lender) by written notice of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and (iii) in the case of prepayment of Swing Line Loans, not later than 1:00 p.m., New York City time, on the date of prepayment (or such later time as may be agreed upon by the Administrative Agent). Each such notice shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice (other than notice relating solely to Swing Line Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Such notice to the Lenders may be by electronic communication; *provided* that a notice of prepayment delivered by Borrower in accordance with this Section 2.10(k) may expressly state that such notice is conditioned upon the effectiveness of new credit facilities or similar new Indebtedness and which effectiveness will result in the immediate payment in full in cash of all Obligations and the Cash Collateralization of all outstanding Letters of Credit, in which case such notice may be revoked by Borrower (by written notice to the Administrative Agent on or prior to 2:00 p.m., New York City time, one Business Day prior to the specified notice effective date) if such condition is not satisfied or not reasonably likely to be satisfied and Borrower shall pay any amounts due under Section 2.13, if any, in connection with any such revocation. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing and otherwise in accordance with this Section 2.10. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.06.

(l) Waiver of Mandatory Prepayments. Notwithstanding the foregoing provisions of this Section 2.10, (i) in the case of any mandatory prepayment of the Term Loans, Term Loan Lenders may waive, by written notice to Borrower and the Administrative Agent on or before the date on which such mandatory prepayment would otherwise be required to be made hereunder, the right to receive the amount of such mandatory prepayment of the Term Loans, (ii) if any Term Loan Lender or Term Loan Lenders elect to waive the right to receive the amount of such mandatory prepayment, all of the amount that otherwise would have been applied to mandatorily prepay the Term Loans of such Lender or Lenders shall be offered by Borrower to the remaining non-waiving Term Loan Lender or Term Loan Lenders on a *pro rata* basis, based on the respective principal amounts of their outstanding Term Loans, (iii) if and to the extent any such non-waiving Term Loan Lender does not elect by written notice to Borrower and the Administrative Agent within five (5) Business Days following the date on which the offer is made

pursuant to clause (ii) above to accept such offer, such Term Loan Lender shall be deemed to have rejected such offer, (iv) any amounts not applied to the prepayment of Term Loans pursuant to clause (ii) or clause (iii) above shall be applied instead on the fourth Business Day following the date on which the offer is made to Term Loan Lenders pursuant to clause (ii) above to the prepayment of outstanding Revolving Loans (but without any corresponding reduction in Revolving Commitments) and (v) to the extent there are any prepayment amounts remaining after the foregoing application, Borrower shall apply all of such amounts to the prepayment of the Second Lien Term Loans in accordance with the terms of the Second Lien Credit Agreement and the Intercreditor Agreement on a pro rata basis, and the Lenders hereby are deemed to consent to any such prepayment.

(m) Prepayment Premium (Term Loans). At the time of the effectiveness of any Repricing Event that is consummated on or prior to the date that is six (6) months after the Closing Date, the Borrower agrees to pay on the date of effectiveness of such Repricing Event the Repricing Premium to the Administrative Agent, for the ratable account of each affected Term Loan Lender.

Section 2.11 **Alternate Rate of Interest**. If prior to the commencement of Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be final and conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR Rate for such Interest Period; or

(b) the Administrative Agent is advised in writing by the Required Lenders that the Adjusted LIBOR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give written notice thereof to Borrower and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

Section 2.12 **Increased Costs; Change in Legality**. (a) if any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against property of, deposits with or for the account of, or credit extended by or participated in by, any Lender (except any such reserve requirement reflected in the Adjusted LIBOR Rate) or the Issuing Bank; or

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, the Issuing Bank or such Lender's or the Issuing Bank's holding company, if any, of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit) or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then Borrower

shall, upon the written request of such Lender or the Issuing Bank, pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered, it being understood that this Section 2.12 shall not apply to Taxes. The protection of this Section 2.12 shall be available to each Lender and the Issuing Bank regardless of any possible contention of the invalidity or inapplicability of the Change in Law that shall have occurred or been imposed.

(b) If any Lender or the Issuing Bank determines (in good faith, but in its sole absolute discretion) that any Change in Law regarding Capital Requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or the Letters of Credit issued by, or Swing Line Loans held by, such Lender, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company, for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in Sections 2.12(a) or (b) shall be delivered to Borrower (with a copy to the Administrative Agent) and shall be conclusive and binding absent manifest error. Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within five Business Days (or, to the extent not adverse to the interest of any other Lender or Issuing Bank, such longer period as such Issuing Bank may agree in its sole discretion) after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section 2.12 shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; *provided*, that (i) Borrower shall be under no obligation to compensate such Lender or the Issuing Bank with respect to any period prior to the date that is 270 days prior to the date on which such Lender or the Issuing Bank makes a claim hereunder if such Lender or the Issuing Bank prior to such date knew or could reasonably have been expected to know of the circumstances giving rise to the claim hereunder, and (ii) the foregoing limitation shall not apply to any claims arising out of the retroactive application of any Change in Law within such 270-day period.

(e) Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to Borrower and to the Administrative Agent:

(i) such Lender may declare that Eurodollar Loans will not thereafter (for the duration of such unlawfulness (as determined in good faith by such Lender)) be made by such Lender hereunder (or be continued for additional Interest Periods and ABR Loans will not thereafter (for such duration) be converted into Eurodollar Loans), whereupon any request for a Eurodollar Loan (or to convert an ABR Loan to a Eurodollar Loan or to continue a Eurodollar Loan for an additional Interest Period) shall, as to such Lender only, be deemed a request for an ABR Loan (or a request to continue an ABR Loan as such for an additional Interest Period or to convert a Eurodollar Loan into an ABR Loan, as the case may be), unless such declaration shall be subsequently withdrawn by such Lender by written notice to Borrower and to the Administrative Agent; and

(ii) such Lender may require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in Section 2.12(f).

In the event any Lender shall exercise its rights under clause (i) or (ii) above, all payments and prepayments of principal that would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(f) For purposes of Section 2.12(e), a notice to Borrower by any Lender shall be effective as to each Eurodollar Loan made by such Lender, if lawful, on the last day of the Interest Period then applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by Borrower.

**Section 2.13 Breakage Payments.** In the event of (a) the payment or prepayment, whether optional or mandatory, of any principal of any Eurodollar Loan earlier than the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan earlier than the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan or Term Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurodollar Loan earlier than the last day of the Interest Period applicable thereto as a result of a request by Borrower pursuant to Section 2.16, then, in any such event, Borrower shall compensate each Lender for the actual loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such actual loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBOR Rate plus the Applicable Margin (together with any interest payable at the Default Rate, if then applicable) that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for Dollar deposits of a comparable amount and period from other banks in the Eurodollar market. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.13 shall be delivered to Borrower (with a copy to the Administrative Agent) and shall be conclusive and binding absent manifest error. Borrower shall pay such Lender the amount shown as due on any such certificate within three Business Days after receipt thereof.

**Section 2.14 Payments Generally; Pro Rata Treatment; Sharing of Setoffs.** (a) Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or Reimbursement Obligations, or of amounts payable under Section 2.12, 2.13 or 2.15, or otherwise) on or before the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 1:00 p.m., New York City time), on the date when due, in immediately available funds, without setoff, deduction or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 520 Madison Avenue, New York, New York 10022 Attn: El Pollo Loco Account Manager,

except payments to be made directly to the Issuing Bank or Swing Line Lender as expressly provided herein and except that payments pursuant to Section 2.12, 2.13, 2.15 and 11.03 shall be made directly to the persons entitled thereto and payments pursuant to other Loan Documents shall be made to the persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, unless specified otherwise, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in Dollars. For the avoidance of doubt, notwithstanding any other provision of any Loan Document to the contrary, no payment received directly or indirectly from any Loan Party that is not a Qualified ECP Guarantor shall be applied directly or indirectly by the Administrative Agent or otherwise to the payment of any Excluded Swap Obligations.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, Reimbursement Obligations, interest and fees then due hereunder, such funds shall be applied (i) *first*, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of such interest and fees then due to such parties and (ii) *second*, towards payment of principal and Reimbursement Obligations then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of such principal and Reimbursement Obligations then due to such parties.

(c) If any Lender shall, by exercising any right of setoff or counterclaim (including pursuant to Section 11.08) or otherwise (including by exercise of its rights under the Security Documents), obtain payment in respect of any principal of or interest on any of its Revolving Loans, Term Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans, Term Loans and participations in LC Disbursements and accrued interest thereon than the proportion received by any other Lender, had such amounts been distributed as provided in Section 2.14(b), then the Lender receiving such greater proportion shall either (x) turn the same over to the Administrative Agent, in kind, and with such endorsements as may be required to negotiate the same to the Administrative Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement or (y) purchase (for cash at face value) participations in the Revolving Loans, Term Loans and participations in LC Disbursements of other Lenders to the extent necessary for application to the Obligations in accordance with the applicable provisions of this Agreement (including Section 2.14(b)); *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this Section 2.14(c) shall not be construed to apply to any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Revolving Loans, Term Loans or participations in LC Disbursements to any assignee or participant, other than to any Company or any Affiliates thereof (as to which the provisions of this Section 2.14(c) shall apply) except as permitted pursuant to Section 11.04(c). Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Legal Requirements, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation. If under applicable Insolvency Law any Secured Party receives a secured claim in lieu of a setoff or counterclaim to which this Section 2.14(c) applies, such Secured Party shall to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights to which the Secured Party is entitled under this Section 2.14(c) to share in the benefits of the recovery of such secured claim.

(d) Unless the Administrative Agent shall have received written notice from Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that Borrower will not make such payment, the Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules or practices on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.02(c), 2.14(d), 2.17(e) or 11.03(e), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

**Section 2.15 Taxes.** (a) Any and all payments by or on account of any obligation of the Loan Parties hereunder or under any other Loan Document shall be made without setoff, counterclaim or other defense and free and clear of and without deduction, reduction or withholding for any and all Indemnified Taxes or Other Taxes; *provided* that if any Indemnified Taxes or Other Taxes are required to be deducted or withheld from such payments under applicable Legal Requirements, then the sum payable shall be increased as necessary so that after making all required deductions (including deductions, reductions or withholdings applicable to additional sums payable under this Section 2.15) the Administrative Agent, any Lender or the Issuing Bank, as the case may be, receives an amount equal to the sum it would have received had no such deductions, reductions or withholdings been made, Borrower shall make or cause to be made such deductions, reductions or withholdings and Borrower shall timely pay or cause to be paid the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Legal Requirements.

(b) In addition, Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Legal Requirements.

(c) Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within ten Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.15) and any penalties, interest and expenses arising therefrom or with respect thereto (other than those resulting from such person's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability and setting forth in reasonable detail the calculation of and basis for such payment or liability delivered to Borrower by a Lender or the Issuing Bank (in each case, with a copy delivered concurrently to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes and in any event within 30 days following any such payment being due, by or on behalf of Borrower to a

Governmental Authority, Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent. If Borrower fails to pay any Indemnified Taxes or Other Taxes when due to the appropriate Governmental Authority or fails to remit to the Administrative Agent the required receipts or other documentary evidence after written request by the Administrative Agent, Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank for any incremental Taxes or expenses that may become payable by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, as a result of any such failure.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to Borrower and the Administrative Agent, at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. Each Foreign Lender shall (i) furnish either (a) two accurate and complete originally executed U.S. Internal Revenue Service Forms W-8BEN (or successor form) or (b) two accurate and complete originally executed U.S. Internal Revenue Service Forms W-8ECI (or successor form), certifying, in either case, to such Foreign Lender's legal entitlement to an exemption or reduction from U.S. federal withholding tax with respect to all interest payments hereunder, and (ii) to the extent it may lawfully do so at such times, upon reasonable request by Borrower or the Administrative Agent, provide a new Form W-8BEN (or successor form) or Form W-8ECI (or successor form) upon the expiration or obsolescence of any previously delivered form to reconfirm any complete exemption from, or any entitlement to a reduction in, U.S. federal withholding tax with respect to any interest payment hereunder; *provided* that any Foreign Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and is claiming the "portfolio interest exemption" shall also furnish a "Non-Bank Certificate" in the form of Exhibit L if it is furnishing a Form W-8BEN.

(f) The Administrative Agent and each Lender that is not a Foreign Lender shall furnish two accurate and complete originally executed U.S. Internal Revenue Service Forms W-9 (or successor form).

(g) Each Lender shall use commercially reasonable efforts to promptly provide, at the time or times prescribed by applicable law or reasonably requested by Borrower, such documentation prescribed by applicable law and such additional documentation reasonably requested by the Borrower to avoid the imposition of withholding obligations under FATCA with respect to such Lender to the extent such Lender is legally able to do so without material cost or other material detriment. If the Administrative Agent or a Lender (or an assignee) determines in its reasonable discretion that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower has paid additional amounts pursuant to this Section 2.15, it shall pay over such refund to Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section 2.15 with respect to the Indemnified Taxes or the Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender (or assignee) and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided, however*, that if the Administrative Agent or such Lender (or assignee) is required to repay all or a portion of such refund to the relevant Governmental Authority, Borrower, upon the request of the Administrative Agent or such Lender (or assignee), shall repay the amount paid over to Borrower that is required to be repaid (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender (or assignee) within three Business Days after receipt of written notice that the Administrative Agent or such



Lender (or assignee) is required to repay such refund (or a portion thereof) to such Governmental Authority. Nothing contained in this Section 2.15(g) shall require the Administrative Agent or any Lender (or assignee) to make available its Tax Returns or any other information which it deems confidential or privileged to Borrower or any other person. Notwithstanding anything to the contrary, in no event will the Administrative Agent or any Lender (or assignee) be required to pay any amount to Borrower the payment of which would place the Administrative Agent or such Lender (or assignee) in a less favorable net after-tax position than the Administrative Agent or such Lender (or assignee) would have been in if the additional amounts giving rise to such refund of any Indemnified Taxes or Other Taxes had never been paid.

**Section 2.16 Mitigation Obligations; Replacement of Lenders.** (a) Mitigation of Obligations. If any Lender requests compensation under Sections 2.12(a) or (b), or if any event described in Section 2.12(a) occurs (to the extent (and only to the extent) that such event shall materially disproportionately adversely affect any individual Lender), or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce materially amounts payable pursuant to Section 2.12(a), 2.12(b) or 2.15, as the case may be, in the future, or eliminate the matters described in Section 2.12(e), (ii) would not subject such Lender to any unreimbursed cost or expense, (iii) would not require such Lender to take any action inconsistent with its internal policies or legal or regulatory restrictions, and (iv) would not otherwise be disadvantageous to such Lender. Borrower shall pay all reasonable out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment. A certificate setting forth such costs and expenses submitted by such Lender to the Administrative Agent shall be conclusive absent manifest error.

(b) Replacement of Lenders. In the event (i) any Lender or the Issuing Bank delivers a certificate requesting compensation pursuant to Sections 2.12(a) or (b), (ii) any Lender or the Issuing Bank delivers a notice described in Section 2.12(e), (iii) Borrower is required to pay any additional amount to any Lender or the Issuing Bank or any Governmental Authority on account of any Lender or the Issuing Bank pursuant to Section 2.15, (iv) any Lender refuses to consent to any amendment, waiver or other modification of any Loan Document requested by Borrower that requires the consent of 100% of the Lenders or 100% of all affected Lenders, and, which in each case, has been consented to by other Lenders or other affected Lenders having Loans, LC Exposure, and unused Revolving Commitments and Term Loan Commitments representing an aggregate of more than 50% of the sum of all Loans outstanding, LC Exposure, and unused Revolving Commitments and Term Loan Commitments at such time, as the case may be, or (v) any Lender becomes a Defaulting Lender or any Lender or the Issuing Bank defaults in its obligations to make Loans or issue Letters of Credit, as the case may be, or other extensions of credit hereunder, Borrower may, not later than ninety (90) days following the occurrence of any such event, at its sole expense and effort (including with respect to the processing and recordation fee referred to in Section 11.04(b)), upon notice to such Lender or the Issuing Bank and the Administrative Agent, require such Lender or the Issuing Bank to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in Section 11.04), all of its interests, rights and obligations under this Agreement to an assignee which shall assume such assigned obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (w) except in the case of clause (iv) above if the effect of such amendment, waiver or other modification of the applicable Loan Document would cure all Defaults and Events of Defaults then ongoing, no Default or Event of Default shall have occurred and be continuing, (x) such assignment shall not conflict with any applicable Legal Requirement, (y) Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Commitment is being assigned, the prior written consent of the Issuing Bank), which

consent shall not unreasonably be withheld or delayed, and (z) Borrower or such assignee shall have paid to the affected Lender or the Issuing Bank in immediately available funds an amount equal to the sum of the principal of and interest and any prepayment premium or penalty (if any) accrued to the date of such payment on the outstanding Loans or LC Disbursements of such Lender or the Issuing Bank, respectively, affected by such assignment plus all Fees and other amounts owing to or accrued for the account of such Lender or such Issuing Bank hereunder (including any amounts under Sections 2.10(m), 2.12 and 2.13); *provided further* that, if prior to any such transfer and assignment the circumstances or event that resulted in such Lender's or the Issuing Bank's claim for compensation under Sections 2.12(a) or (b) or notice under Section 2.12(e) or the amounts paid pursuant to Section 2.15, as the case may be, cease to cause such Lender or the Issuing Bank to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in Section 2.12(e), or cease to result in amounts being payable under Section 2.15, as the case may be (including as a result of any action taken by such Lender or the Issuing Bank pursuant to paragraph (a) of this Section 2.16), or if such Lender or the Issuing Bank shall waive its right to claim further compensation under Sections 2.12(a) or (b) in respect of such circumstances or event or shall withdraw its notice under Section 2.12(e) or shall waive its right to further payments under Section 2.15 in respect of such circumstances or event or shall consent to the proposed amendment, waiver, consent or other modification, as the case may be, then such Lender or the Issuing Bank shall not thereafter be required to make any such transfer and assignment hereunder. Each Lender and the Issuing Bank hereby grants to the Administrative Agent (other than any Lender upon written request at the sole discretion of the Administrative Agent) an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender and the Issuing Bank as assignor, any Assignment and Acceptance necessary to effectuate any assignment of such Lender's or the Issuing Bank's interests hereunder in the circumstances contemplated by this Section 2.16(b).

(c) Defaulting Lenders. Anything contained herein to the contrary notwithstanding, in the event that any Lender becomes a Defaulting Lender, then (i) during any Default Period (as defined below) with respect to such Defaulting Lender, such Defaulting Lender shall be deemed not to be a "Lender", and the amount of such Defaulting Lender's Revolving Commitment and Revolving Loans and/or Term Loan Commitments and Term Loans and/or Swing Line Commitments and Swing Line Loan shall be excluded for purposes of voting, and the calculation of voting, on any matters (including the granting of any consents or waivers) with respect to any of the Loan Documents, except that the amount of such Defaulting Lender's Revolving Commitment and Revolving Loans and/or Term Loan Commitments and Term Loans shall be included for purposes of voting, and the calculation of voting, on the matters set forth in Section 11.02(b)(i)-(x) (including the granting of any consents or waivers) only to the extent that any such matter materially and disproportionately affects such Defaulting Lender; (ii) to the extent permitted by applicable Legal Requirements, until such time as the Default Excess (as defined below) with respect to such Defaulting Lender shall have been reduced to zero, (A) any voluntary prepayment of the Loans pursuant to Section 2.10(a) shall, if Borrower so directs at the time of making such voluntary prepayment, be applied to the Loans of other Lenders in accordance with Section 2.10(a) as if such Defaulting Lender had no Loans outstanding and the Revolving Exposure of such Defaulting Lender were zero, and (B) any mandatory prepayment of the Loans pursuant to Section 2.10 shall, if Borrower so directs at the time of making such mandatory prepayment, be applied to the Loans of other Lenders (but not to the Loans of such Defaulting Lender) in accordance with Section 2.10 as if such Defaulting Lender had funded all Defaulted Revolving Loans of such Defaulting Lender, it being understood and agreed that Borrower shall be entitled to retain any portion of any mandatory prepayment of the Loans that is not paid to such Defaulting Lender solely as a result of the operation of the provisions of this clause (B); (iii) the amount of such Defaulting Lender's Revolving Commitment, Revolving Loans, Swing Line Exposure and LC Exposure shall be excluded for purposes of calculating the Commitment Fee payable to Revolving Lenders pursuant to Section 2.05(a) in respect of any day during any Default Period with respect to such Defaulting Lender, and such Defaulting Lender shall not be

entitled to receive any Commitment Fee pursuant to Section 2.05(a) with respect to such Defaulting Lender's Revolving Commitment in respect of any Default Period with respect to such Defaulting Lender; (iv) if any Swing Line Exposure or LC Exposure exists at the time a Lender becomes a Defaulting Lender then: (A) all or any part of such Swing Line Exposure and LC Exposure shall be reallocated among the Revolving Lenders that are not Defaulting Lenders in accordance with their respective Revolving Commitments but, in any case, only to the extent the sum of the Revolving Exposures of all Revolving Lenders that are not Defaulting Lenders does not exceed the total of the Revolving Commitments of all Revolving Lenders that are not Defaulting Lenders; (B) if the reallocation described in clause (A) above cannot, or can only partially, be effected, Borrower shall within one Business Day following notice by the Administrative Agent cash collateralize such Defaulting Lender's Swing Line Exposure and LC Exposure (after giving effect to any partial reallocation pursuant to clause (A) above) in accordance with the procedures set forth in Section 2.17(i) for so long as such Swing Line Exposure or LC Exposure is outstanding; (C) if Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to this paragraph (iv), Borrower shall not be required to pay any LC Participation Fee to such Defaulting Lender pursuant to Section 2.05(c) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized; (D) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to this paragraph (iv), then the fees payable to the Lenders pursuant to Section 2.05 shall be adjusted in accordance with such non-Defaulting Lenders' reallocated LC Exposure; and (E) if any Defaulting Lender's LC Exposure is neither cash collateralized nor reallocated pursuant to this paragraph (iv), then, without prejudice to any rights or remedies of the Issuing Banks or any Lender hereunder, all Commitment Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and LC Participation Fee payable under Section 2.05 with respect to such Defaulting Lender's LC Exposure shall be payable to the applicable Issuing Banks until such LC Exposure is cash collateralized and/or reallocated; (v) the Revolving Exposure of all Lenders as at any date of determination shall be calculated as if such Defaulting Lender had funded all Defaulted Revolving Loans of such Defaulting Lender; and (vi) so long as any Lender is a Defaulting Lender, the Swing Line Lender shall not be required to fund any Swing Line Loan and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by Borrower in accordance with paragraph (iv) of this Section 2.16(c), and participating interests in any such newly issued or increased Letter of Credit or newly made Swing Line Loan shall be allocated among non-Defaulting Lenders in a manner consistent with paragraph (iv)(A) of this Section 2.16(c) (and Defaulting Lenders shall not participate therein). In the event that each of the Administrative Agent, Borrower and the Issuing Banks agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swing Line Exposure, LC Exposure and Revolving Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Revolving Commitment.

For purposes of this Agreement, (i) "**Funding Default**" means, with respect to any Defaulting Lender, the occurrence of any of the events set forth in the definition of "Defaulting Lender," (ii) "**Default Period**" means, with respect to any Defaulting Lender, the period commencing on the date of the applicable Funding Default and ending on the earliest of the following dates: (a) the date on which all Commitments are cancelled or terminated and/or the Obligations and the Specified Hedging Agreement Obligations are declared or become immediately due and payable, (b) with respect to any Funding Default (other than any such Funding Default arising pursuant to clause (e) of the definition of "Defaulting Lender"), the date on which (1) the Default Excess with respect to such Defaulting Lender shall have been reduced to zero (whether by the funding by such Defaulting Lender of any such funding obligations

of such Defaulting Lender or by the non-pro rata application of any voluntary or mandatory prepayments of the Loans in accordance with the terms hereof or any combination thereof) and (2) such Defaulting Lender shall have delivered to Borrower and the Administrative Agent a written reaffirmation of its intention to honor its obligations under this Agreement with respect to its Commitment(s), and (c) the date on which Borrower, the Administrative Agent and the Required Lenders waive all Funding Defaults of such Defaulting Lender in writing, and (iii) “**Default Excess**” shall mean, with respect to any Defaulting Lender, the excess, if any, of such Defaulting Lender’s Pro Rata Percentage of the aggregate outstanding principal amount of Loans of all Lenders (calculated as if all Defaulting Lenders (including such Defaulting Lender) had funded all of their respective funding obligations) over the aggregate outstanding principal amount of Loans of such Defaulting Lender.

No amount of the Commitment of any Lender shall be increased or otherwise affected, and, except as otherwise expressly provided in Section 2.16(c), performance by Borrower of its obligations under this Agreement and the other Loan Documents shall not be excused or otherwise modified, as a result of any Funding Default or the operation of Section 2.16(c). The rights and remedies against a Defaulting Lender under Section 2.16(c) are in addition to other rights and remedies that Borrower may have against such Defaulting Lender with respect to any Funding Default and that the Administrative Agent or any Lender may have against such Defaulting Lender with respect to any Funding Default.

**Section 2.17 Letters of Credit.** (a) **General.** Subject to the terms and conditions set forth herein, Borrower may request the Issuing Bank, and the Issuing Bank agrees, to issue Letters of Credit for its own account or the account of a Wholly Owned Subsidiary in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Revolving Availability Period (*provided that* Borrower shall be a co-applicant, and be jointly and severally liable, with respect to each Letter of Credit issued for the account of a Wholly Owned Subsidiary). The Issuing Bank shall have no obligation to issue, and Borrower shall not request the issuance of, any Letter of Credit at any time if after giving effect to such issuance, the LC Exposure would exceed the LC Commitment or the total Revolving Exposure would exceed the total Revolving Commitments. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by Borrower to, or entered into by Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Furthermore, General Electric Capital Corporation as an Issuing Bank may elect only to issue Letters of Credit in its own name and may only issue Letters of Credit to the extent permitted by applicable laws, rules and regulations, and such Letters of Credit may not be accepted by certain beneficiaries such as insurance companies. With respect to Letters of Credit, “issue” means to issue, extend the expiration date of, renew (including by failure to object to any automatic renewal on the last day such objection is permitted), increase the face amount of, or reduce or eliminate any scheduled decrease in the face amount of, such Letter of Credit, or to cause any Person to do any of the foregoing. The terms “issued”, “issuance” and “issuer” have correlative meanings. The parties hereto agree that the Existing Letters of Credit shall constitute Letters of Credit issued pursuant hereto, entitled to and for the benefits of a Letter of Credit hereunder and under the Loan Documents.

(b) **Request for Issuance, Amendment, Renewal, Extension; Certain Conditions.** To request the issuance of a Letter of Credit or the amendment, renewal or extension of an outstanding Letter of Credit, Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved in writing by the Issuing Bank) an LC Request to the Issuing Bank and the Administrative Agent not later than 11:00 a.m., New York City time, on the third Business Day preceding the requested date of issuance, amendment, renewal or extension (or such later date and time as is acceptable to the Issuing Bank). A request for an initial issuance of a Letter of Credit shall specify in form and detail reasonably satisfactory to the Issuing Bank:

- (i) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day);

- (ii) the face amount thereof;
- (iii) the expiry date thereof (which shall not be later than the close of business on the Letter of Credit Expiration Date);
- (iv) the name and address of the beneficiary thereof;
- (v) whether the Letter of Credit is to be issued for its own account or for the account of one of its Wholly Owned Subsidiaries (*provided* that Borrower shall be a co-applicant, and be jointly and severally liable, with respect to each Letter of Credit issued for the account of a Wholly Owned Subsidiary);
- (vi) the documents, if any, to be presented by such beneficiary in connection with any drawing thereunder;
- (vii) the full text of any certificate to be presented by such beneficiary in connection with any drawing thereunder; and
- (viii) such other matters as the Issuing Bank may require.

A request for an amendment, renewal or extension of any outstanding Letter of Credit shall specify in form and detail reasonably satisfactory to the Issuing Bank:

- (i) the Letter of Credit to be amended, renewed or extended;
- (ii) the proposed date of amendment, renewal or extension thereof (which shall be a Business Day);
- (iii) the nature of the proposed amendment, renewal or extension; and
- (iv) such other matters as the Issuing Bank may require.

If requested by the Issuing Bank, Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and, upon issuance, amendment, renewal or extension of each Letter of Credit, Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (i) the LC Exposure shall not exceed the LC Commitment, the total Revolving Exposures shall not exceed the total Revolving Commitments then in effect, the conditions set forth in Section 4.02 in respect of such issuance, amendment, renewal or extension shall have been satisfied and (iv) if any Revolving Lender is a Defaulting Lender, no Issuing Bank shall be obligated to issue any Letter of Credit unless pursuant to Section 2.16(c) the Defaulting Lender has been replaced or the LC Exposure of such Defaulting Lender has been reallocated or cash collateralized. Unless the Issuing Bank shall agree otherwise, no Letter of Credit shall be in an initial amount less than \$50,000.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) in the case of a Standby Letter of Credit, (x) the date which is one year after the date of the issuance of such Standby Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (y) the Letter of Credit Expiration Date and (ii) in the case of a Commercial Letter of Credit, (x) the date which is 180-days after the date of the issuance of

such Commercial Letter of Credit (or, in the case of any renewal or extension thereof, 180-days after such renewal or extension) and (y) the Letter of Credit Expiration Date; *provided* that this Section 2.17(c) shall not prevent any Issuing Bank from agreeing that a Standby Letter of Credit will automatically be extended for one or more successive periods not to exceed one year each (and, in any case, not to extend beyond the Letter of Credit Expiration Date) unless each such Issuing Bank elects not to extend for any such additional period.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby irrevocably grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Revolving Lender's Pro Rata Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Revolving Lender's Pro Rata Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by Borrower on the date due as provided in Section 2.17(e), or of any reimbursement payment required to be refunded to Borrower for any reason. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.17(d) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever (so long as such payment shall not cause such Lender's Revolving Exposure to exceed such Lender's Revolving Commitment).

(e) Reimbursement.

(i) If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, Borrower shall reimburse such LC Disbursement by paying to the Issuing Bank an amount equal to such LC Disbursement not later than 1:00 p.m., New York City time, on the date that such LC Disbursement is made if Borrower shall have received notice of such LC Disbursement prior to 11:00 a.m., New York City time, on such date, or, if such notice has not been received by Borrower prior to such time on such date, then not later than 1:00 p.m., New York City time, on the Business Day immediately following the day that Borrower receives such notice; *provided* that Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with ABR Revolving Loans in an equivalent amount and, to the extent so financed, Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Loans.

(ii) If Borrower fails to make such payment when due, or if the amount is not financed pursuant to the proviso to Section 2.17(e)(i), the Issuing Bank shall notify the Administrative Agent and the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from Borrower in respect thereof and such Revolving Lender's Pro Rata Percentage thereof. Each Revolving Lender shall pay by wire transfer of immediately available funds to the Administrative Agent not later than 12:00 p.m., New York City time, on such date (or, if such Revolving Lender shall have received such notice later than 12:00 p.m., New York City time, on any day, not later than 11:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Revolving Lender's Pro Rata Percentage of the unreimbursed LC Disbursement in the same manner as provided in Section 2.02(c) with respect to Revolving Loans made by such Revolving Lender, and the Administrative Agent will promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lenders. The Administrative Agent will promptly pay to the Issuing Bank any

amounts received by it from Borrower pursuant to the above paragraph prior to the time that any Revolving Lender makes any payment pursuant to the preceding sentence and any such amounts received by the Administrative Agent from Borrower thereafter will be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made such payments and to the Issuing Bank, as appropriate.

(iii) If any Revolving Lender shall not have made its Pro Rata Percentage of such LC Disbursement available to the Administrative Agent as provided above, each of Borrower and such Revolving Lender severally agrees to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with the foregoing to but excluding the date such amount is paid, to the Administrative Agent for the account of the Issuing Bank at (i) in the case of Borrower, the Default Rate and (ii) in the case of such Lender, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules or practices on interbank compensation.

(f) Obligations Absolute. The Reimbursement Obligation of Borrower as provided in Section 2.17(e) shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein; (ii) any draft or other document presented under a Letter of Credit being proved to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that fails to comply with the terms of such Letter of Credit; (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.17, constitute a legal or equitable discharge of, or provide a right of setoff against, the obligations of Borrower hereunder; (v) the fact that a Default shall have occurred and be continuing; (vi) any material adverse change in the condition (financial or otherwise), results of operations, assets, liabilities (contingent or otherwise), material agreements, properties, solvency, business, management, prospects or value of any Company; or (vii) any other fact, circumstance or event whatsoever. None of the Agents, the Lenders, the Issuing Bank or any of their Affiliates shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; *provided* that the foregoing shall not be construed to excuse the Issuing Bank from liability to Borrower to the extent of any direct damages (as opposed to consequential, exemplary, special, punitive or other indirect damages, claims in respect of which are hereby waived by Borrower to the extent permitted by applicable Legal Requirements) suffered by Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction) with respect to such a determination, the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly give written notice to the Administrative Agent and Borrower of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve Borrower of its Reimbursement Obligation to the Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement (other than with respect to the timing of such Reimbursement Obligation set forth in Section 2.17(e)).

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest payable on demand, for each day from and including the date such LC Disbursement is made to but excluding the date that Borrower reimburses such LC Disbursement, at the Default Rate. Interest accrued pursuant to this Section 2.17(h) shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.17(e) to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this Section 2.17(i), Borrower shall deposit in the LC Sub-Account, in the name of the Collateral Agent and for the benefit of the Revolving Lenders, an amount in cash equal to 105% of the LC Exposure as of such date plus any accrued and unpaid interest thereon; *provided* that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to Parent or Borrower described in Sections 8.01(g) or (h). Funds in the LC Sub-Account shall be applied by the Collateral Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of outstanding Reimbursement Obligations or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations and the Specified Hedging Agreement Obligations of Borrower in accordance with Article IX. If Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount plus any accrued interest with respect to such amounts (to the extent not applied as aforesaid) shall, in accordance with Article IX, be returned to Borrower within five Business Days after all Events of Default have been cured or waived.

(j) Additional Issuing Banks. Borrower may, at any time and from time to time, designate one or more additional Revolving Lenders to act as an issuing bank under the terms of this Agreement, with the consent of each of the Administrative Agent (which consent shall not be unreasonably withheld), the Issuing Bank (which consent shall not be unreasonably withheld) and such Revolving Lender(s). Any Revolving Lender designated as an issuing bank pursuant to this Section 2.17(j) shall be deemed (in addition to being a Revolving Lender) to be the Issuing Bank with respect to Letters of Credit issued or to be issued by such Revolving Lender, and all references herein and in the other Loan Documents to the term "Issuing Bank" shall, with respect to such Letters of Credit, be deemed to refer to such Revolving Lender in its capacity as Issuing Bank, as the context shall require.

(k) Resignation or Removal of the Issuing Bank. The Issuing Bank may resign as Issuing Bank hereunder at any time upon at least 10 days' prior written notice to the Lenders, the Administrative Agent and Borrower. The Issuing Bank may be replaced at any time by written agreement



among Borrower, the Administrative Agent and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank or any such additional Issuing Bank. At the time any such resignation or replacement shall become effective, Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.05(c). From and after the effective date of any such resignation or replacement or addition, as applicable, (i) the successor or additional Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued by it thereafter and (ii) references herein and in the other Loan Documents to the term "Issuing Bank" shall be deemed to refer to such successor or such addition or to any previous Issuing Bank, or to such successor or such addition and all previous Issuing Banks, as the context shall require. After the resignation or replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such resignation or replacement, but shall not be required to issue additional Letters of Credit. If at any time there is more than one Issuing Bank hereunder, Borrower may, in its discretion, select which Issuing Bank is to issue any particular Letter of Credit.

(l) Other. The Issuing Bank shall be under no obligation to issue any Letter of Credit if:

(i) any Order of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any Legal Requirement applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Bank deems material to it; or

(ii) the issuance of such Letter of Credit would violate one or more policies of general application of the Issuing Bank.

The Issuing Bank shall be under no obligation to amend any Letter of Credit if (A) the Issuing Bank would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

#### Section 2.18 Swing Line Loans.

(a) Swing Line Commitment. Subject to the terms and conditions set forth herein, the Swing Line Lender, in reliance upon the agreements of the other Revolving Lenders set forth in this Section 2.18, agrees to make Swing Line Loans to Borrower from time to time on any Business Day during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (and upon each such Borrowing of Swing Line Loans, Borrower shall be deemed to represent and warrant that such Borrowing will not result in) (i) the aggregate principal amount of outstanding Swing Line Loans exceeding the Swing Line Commitment, or (ii) the sum of the total Revolving Exposure exceeding the total Revolving Commitments; *provided* that the Swing Line Lender shall not be required to make a Swing Line Loan to refinance, in whole or in part, an outstanding Swing Line Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, Borrower may borrow, repay and reborrow Swing Line Loans. Immediately upon the making of a Swing Line Loan, each Revolving Lender shall be deemed to, and hereby, irrevocably and unconditionally agrees to,

purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Revolving Lender's Pro Rata Percentage times the amount of such Swing Line Loan. Notwithstanding any contrary provision, if any Revolving Lender is a Defaulting Lender, the Swing Line Lender will not be obligated to make any Swing Line Loans unless pursuant to Section 2.16(c), the Defaulting Lender has been replaced or the Swing Line Exposure of such Defaulting Lender has been reallocated

(b) Swing Line Loans. To request a Swing Line Loan, Borrower shall deliver, by hand delivery or facsimile transmission (or transmit by other electronic transmission if arrangements for doing so have been approved in writing by the Administrative Agent), a duly completed and executed Borrowing Request to the Administrative Agent and the Swing Line Lender, not later than 12:00 p.m., New York City time (or such later time as the Administrative Agent and Swing Line Lender may agree in their respective discretion), on the Business Day of a proposed Swing Line Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and the amount of the requested Swing Line Loan. Each Swing Line Loan shall be an ABR Loan. The Swing Line Lender shall make each Swing Line Loan available to Borrower by means of a credit to the general deposit account of Borrower with the Swing Line Lender, if any, or otherwise to an account as directed by Borrower in the applicable Borrowing Request (or, in the case of a Swing Line Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.18(e), by remittance to the Issuing Bank). The Swing Line Lender shall endeavor to fund each Swing Line Loan by 3:00 p.m., New York City time and shall in all events fund each Swing Line Loan by no later than 5:00 p.m., New York City time, on the requested date of such Swing Line Loan. Borrower shall not request a Swing Line Loan if at the time of or immediately after giving effect to the Credit Extension contemplated by such request a Default or Event of Default has occurred and is continuing or would immediately thereafter result therefrom. Swing Line Loans shall be made in minimum amounts of \$50,000 and integral multiples of \$50,000 above such amount.

(c) Prepayment. Borrower shall have the right at any time and from time to time to repay, without prepayment or penalty, any Swing Line Loan, in whole or in part, upon giving written notice to the Swing Line Lender and the Administrative Agent before 3:00 p.m., New York City time, on the proposed date of repayment.

(d) Participations. The Swing Line Lender may at any time in its discretion, by written notice given to the Administrative Agent (*provided* such notice requirement shall not apply if the Swing Line Lender and the Administrative Agent are the same entity) not later than 11:00 a.m., New York City time, on the next succeeding Business Day following such notice require the Revolving Lenders to acquire participations on such Business Day in all or a portion of the Swing Line Loans then outstanding. Such notice shall specify the aggregate amount of Swing Line Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Pro Rata Percentage of such Swing Line Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swing Line Lender, such Lender's Pro Rata Percentage of such Swing Line Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swing Line Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default or a reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever (so long as such payment shall not cause such Lender's Revolving Exposure to exceed such Lender's Revolving Commitment). Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.02(c) with respect to Loans made by such Lender (and Section 2.02 shall apply, *mutatis*

*mutandis*, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the Swing Line Lender the amounts so received by it from the Revolving Lenders; *provided*, that the Revolving Lender who is the Swing Line Lender shall be deemed to have funded its Pro Rata Percentage automatically without further funding. The Administrative Agent shall notify Borrower of any participations in any Swing Line Loan acquired by the Revolving Lenders pursuant to this paragraph, and thereafter payments in respect of such Swing Line Loan shall be made to the Administrative Agent and not to the Swing Line Lender. Any amounts received by the Swing Line Lender from Borrower (or other party on behalf of Borrower) in respect of a Swing Line Loan after receipt by the Swing Line Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent. Any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph, as their interests may appear. The purchase of participations in a Swing Line Loan pursuant to this paragraph shall not relieve Borrower of any default in the payment thereof.

(e) **Resignation or Removal of the Swing Line Lender.** The Swing Line Lender may resign as Swing Line Lender hereunder at any time upon at least 30 days' prior written notice to the Lenders, the Administrative Agent and Borrower. Following such notice of resignation from the Swing Line Lender, the Swing Line Lender may be replaced at any time by written agreement among the Borrower (with Borrower's agreement not to be unreasonably withheld, delayed or conditioned), the Administrative Agent and the successor Swing Line Lender. The Administrative Agent shall notify the Lenders of any such replacement of the Swing Line Lender. At the time any such resignation or replacement shall become effective, Borrower shall pay all unpaid fees and interest accrued for the account of the replaced Swing Line Lender. From and after the effective date of any such resignation or replacement, (i) the successor Swing Line Lender shall have all the rights and obligations of the Swing Line Lender under this Agreement with respect to Swing Line Loans to be made by it thereafter and (ii) references herein and in the other Loan Documents to the term "Swing Line Lender" shall be deemed to refer to such successor or to any previous Swing Line Lenders, or to such successor and all previous Swing Line Lenders, as the context shall require. After the resignation or replacement of the Swing Line Lender hereunder, the replaced Swing Line Lender shall remain a party hereto and shall continue to have all the rights and obligations of the Swing Line Lender under this Agreement with respect to Swing Line Loans made by it prior to such resignation or replacement, but shall not be required to make additional Swing Line Loans.

#### Section 2.19 **Increase in Commitments.**

(a) **Borrower Request.** Borrower may by written notice to the Administrative Agent elect to request (x) the establishment of one or more new Term Loan Commitments under a new term facility or under the existing term facility or any increase under an existing tranche of Loans (each, an "**Incremental Term Loan Commitment**") and/or (y) an increase in the aggregate principal amount of Revolving Loan Commitments under the existing revolving facility (each an "**Incremental Revolving Loan Commitment**" and together with Incremental Term Loan Commitment, the "**Incremental Facilities**"), in an aggregate amount not to exceed \$30,000,000. Each such notice shall specify (i) the date (each, an "**Increase Effective Date**") on which Borrower proposes that such Incremental Term Loan Commitments or Incremental Revolving Loan Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent (or such different date as may be agreed to by the Administrative Agent in its sole discretion) and (ii) the identity of each potential Lender (each such person, an "**Additional Lender**") to whom Borrower proposes any portion of such Incremental Term Loan Commitments or Incremental Revolving Loan Commitments be allocated and the amounts of such allocations; *provided* that any existing Lender approached to provide all or a portion of such Incremental Term Loan Commitments or Incremental

Revolving Loan Commitments may elect or decline, in its sole discretion, to provide such Incremental Term Loan Commitment or Incremental Revolving Loan Commitment; *provided further* that the incurrence of Incremental Facilities subject to this Section 2.19 shall in all cases be subject to compliance with (x) the financial covenants set forth in Section 6.10 on a Pro Forma Basis and (y) a First Lien Leverage Ratio computed on a Pro Forma Basis not to exceed 2.75:1.00, in each case, including after giving effect to any Permitted Acquisition consummated in connection herewith (assuming that any such Incremental Revolving Loan Commitments are drawn in full and that all such Incremental Facilities are secured on a first lien basis, whether or not so secured but excluding the proceeds thereof from any netting obligations), such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b), as the case may be.

(b) Conditions. Such Incremental Term Loan Commitments and Incremental Revolving Loan Commitments shall become effective, as of such Increase Effective Date; *provided that*:

(i) each of the conditions set forth in Section 4.02 shall be satisfied;

(ii) the proceeds of the Incremental Term Loans and/or Incremental Revolving Loans shall be used in accordance with Section 3.12 and Section 5.08;

(iii) Borrower shall make no more than five (5) requests for such Incremental Term Loan Commitments or Incremental Revolving Loan Commitments over the term of this Agreement;

(iv) Each Incremental Term Loan Commitment and Incremental Revolving Commitment shall be in made in a minimum aggregate amount of \$5,000,000; and

(v) Borrower shall deliver or cause to be delivered any customary amendments to the Loan Documents or other documents reasonably requested by the Administrative Agent or any Incremental Term Loan Lender or Incremental Revolving Loan Lender in connection with any such transaction.

(c) Terms of New Term Loans and Commitments. The terms and provisions of Loans made pursuant to such Incremental Term Loan Commitments shall be subject to Section 2.19(f) and as follows:

(i) the terms and provisions of Loans made pursuant to Incremental Term Loan Commitments (“**Incremental Term Loans**”) shall be, except as otherwise set forth herein (including Section 2.19(f)) or in the Increase Joinder, or except with respect to terms applicable only to periods after the Term Loan Maturity Date, either (A) substantially consistent (taken as a whole) as the Term Loans existing on the Increase Effective Date or (B) no more favorable (taken as a whole) to the Incremental Term Loan Lenders providing such Incremental Term Loans than those applicable to the Term Loans existing on the Increase Effective Date (in each case, it being understood and agreed that Incremental Term Loans may be a part of the Term Loans);

(ii) the Weighted Average Life to Maturity of any Incremental Term Loans shall be no shorter than the Weighted Average Life to Maturity of the existing Term Loans; and

(iii) the maturity date of Incremental Term Loans (as extended from time to time pursuant to Section 2.20) shall not be earlier than the Term Loan Maturity Date.

(d) Terms of New Revolving Loans and Commitments. On any Increase Effective Date on which Incremental Revolving Loan Commitments are effected, subject to the satisfaction or waiver of the foregoing terms and the conditions in Section 2.19(b), (i) each of the applicable Revolving Lenders shall be deemed to have assigned to each Lender with Incremental Revolving Loan Commitments, and each such Lender shall be deemed to have purchased from each of the applicable Revolving Loan Lenders, at the principal amount thereof (together with accrued interest), such interests in the applicable Revolving Loans outstanding on such Increase Effective Date as shall be necessary in order that, immediately after giving effect to all such assignments and purchases, such Revolving Loans will be held by existing applicable Revolving Lenders and Incremental Revolving Loan Lenders ratably in accordance with their Revolving Commitments after giving effect to the addition of such Incremental Revolving Loan Commitments to the Revolving Commitments, (ii) each Incremental Revolving Loan Commitment shall be deemed for all purposes a Revolving Commitment and each Loan made thereunder (an “**Incremental Revolving Loan**”) shall be deemed, for all purposes, a Revolving Loan and (iii) each Incremental Revolving Loan Lender shall become a Lender with respect to the Incremental Revolving Loan Commitment and all matters relating thereto.

(e) Joinder. Such Incremental Term Loan Commitments and Incremental Revolving Loan Commitments shall be effected by a joinder agreement (the “**Increase Joinder**”) executed by Borrower, the Administrative Agent and each Lender making such Incremental Term Loan Commitment or Incremental Revolving Loan Commitment, in form and substance reasonably satisfactory to each of them. The Increase Joinder may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate (which may be in the form of an amendment and restatement of this Agreement), in the opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.19.

(f) Yield. If the initial Yield (as defined below) on such Incremental Term Loans exceeds the then applicable Yield on the Term Loans by more than 50 basis points (the amount of such excess above 50 basis points being referred to herein as the “**Yield Differential**”), then the Applicable Margin then in effect for Term Loans shall automatically be increased by the Yield Differential. For purposes of this Section 2.19, “**Yield**” shall mean the then “effective yield” on such Loans as determined by the Administrative Agent and consistent with generally accepted financial practice, taking into account the applicable interest rate margins, any interest rate floors (but only to the extent an increase in the interest rate floor in the Term Loans funded on the Closing Date would cause an increase in the interest rate then in effect thereunder, and in such case, the interest rate floor (but not the interest rate margin) applicable to the Term Loans funded on the Closing Date shall be increased to the extent of such differential between interest rate floors) but excluding arrangement, structuring, underwriting, commitment, amendment or other fees (regardless of whether paid in whole or in part to any or all Lenders) and other fees not paid generally to all Lenders of such Indebtedness).

(g) Equal and Ratable Benefit. The Loans and Commitments established pursuant to this Section 2.19 shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the Guarantees and security interests created by the Security Documents, except that the Incremental Term Loans may be subordinated in right of payment or, subject to the terms of the Intercreditor Agreement, the Liens securing such Incremental Term Loans may be subordinated, in each case, as set forth in the Increase Joinder. Borrower and the Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the Lien and security interests granted by the Security Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any such Class of Incremental Term Loans or any such Incremental Term Loan Commitments.

## Section 2.20 Extension Amendments.

(a) Borrower may at any time and from time to time request that all or a portion, including one or more Tranches of the Loans (including any Extended Loans), each existing at the time of such request (each, an “**Existing Tranche**” and the Loans of such Tranche, the “**Existing Loans**”) be converted to extend the termination date thereof and the scheduled maturity date(s) of any payment of principal with respect to all or a portion of any principal amount of any Existing Tranche (any such Existing Tranche which has been so extended, “**Extended Tranche**” and the Loans of such Tranche, the “**Extended Loans**”) and to provide for other terms consistent with this Section 2.20. In order to establish any Extended Tranche, Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders of the applicable Existing Tranche) (an “**Extension Request**”) setting forth the proposed terms of the Extended Tranche to be established, which terms (other than provided in clause (c) below) shall be (taken as a whole) substantially similar to, or (taken as a whole) no more favorable to the Lenders providing the Loans that are being extended or replaced (in each case, other than for terms applicable only to periods after the Latest Maturity Date of the Existing Loans) to those applicable to the Existing Tranche from which they are to be extended (the “**Specified Existing Tranche**”), except (x) all or any of the final maturity dates of such Extended Tranches may be delayed to later dates than the final maturity dates of the Specified Existing Tranche, (y) (A) the interest margins with respect to the Extended Tranche may be higher or lower than the interest margins for the Specified Existing Tranche and/or (B) additional fees may be payable to the Lenders providing such Extended Tranche in addition to or in lieu of any increased margins contemplated by the preceding clause (A) and (z) the commitment fee, if any, with respect to the Extended Tranche may be higher or lower than the commitment fee, if any, for the Specified Existing Tranche, in each case to the extent provided in the applicable Extension Amendment; *provided*, that, notwithstanding anything to the contrary in this Section 2.20 or otherwise, (1) such Extended Tranche shall not be, (x) in the case of any Extended Tranche relating to Term Loans, shall not have a Weighted Average Life to Maturity shorter than the applicable Specified Existing Tranche, (2) no Extended Tranche shall be secured by or receive the benefit of any collateral, credit support or security that does not secure or support the Existing Tranches, (3) the repayment or prepayment, the mandatory prepayment and the commitment reduction of any of Loans or Commitments under the Extended Tranches shall be made on a pro rata basis with all other outstanding Loans or Commitments (including all Extended Tranches) respectively; *provided*, that, Extended Loans may, if the Extending Lenders making such Extended Loans so agree, participate on a less than pro rata basis in any voluntary or mandatory repayment or prepayment or commitment reductions hereunder, (4) each Lender in the Specified Existing Tranche shall be permitted to participate in the Extended Tranche in accordance with its *pro rata* share of the Specified Existing Tranche and (5) assignments and participations of Extended Tranches shall be governed by the same assignment and participation provisions applicable to Loans and Commitments hereunder as set forth in Section 11.04. No Lender shall have any obligation to agree to have any of its Existing Loans or, if applicable, commitments of any Existing Tranche converted into an Extended Tranche pursuant to any Extension Request. Any Extended Tranche shall constitute a separate Tranche of Loans (and, if applicable, commitments) from the Specified Existing Tranches and from any other Existing Tranches (together with any other Extended Tranches so established on such date).

(b) Borrower shall provide the applicable Extension Request at least five Business Days (or such shorter period as may be agreed by the Administrative Agent in its sole discretion) prior to the date on which Lenders under the applicable Existing Tranche or Existing Tranches are requested to respond. Any Lender (an “**Extending Lender**”) wishing to have all or a portion of its Specified Existing Tranche converted into an Extended Tranche shall notify the Administrative Agent (an “**Extension Election**”) on or prior to the date specified in such Extension Request of the amount of its Specified Existing Tranche that it has elected to convert into an Extended Tranche. In the event that the aggregate amount of the Specified Existing Tranche subject to Extension Elections exceeds the amount of Extended

Tranches requested pursuant to the Extension Request, the Specified Existing Tranches subject to Extension Elections shall be converted to Extended Tranches on a *pro rata* basis based on the amount of Specified Existing Tranches included in each such Extension Election.

(c) Extended Tranches shall be established pursuant to an amendment (an “**Extension Amendment**”) to this Agreement (which may include amendments to provisions related to maturity, interest margins, fees or prepayments and notwithstanding anything to the contrary set forth in Section 11.02, shall not require the consent of any Lender other than the Extending Lenders with respect to the Extended Tranches established thereby) executed by the Loan Parties, the Administrative Agent, and the Extending Lenders. It is understood and agreed that each Lender has consented for all purposes requiring its consent, and shall at the effective time thereof be deemed to consent to each amendment to this Agreement and the other Loan Documents authorized by this Section 2.20 and the arrangements described above in connection therewith.

(d) Notwithstanding anything to the contrary contained in this Agreement, (A) on any date on which any Existing Tranche is converted to extend the related scheduled maturity date(s) in accordance with clause (a) above (an “**Extension Date**”), in the case of the Specified Existing Tranche of each Extending Lender, the aggregate principal amount of such Specified Existing Tranche shall be deemed reduced by an amount equal to the aggregate principal amount of Extended Tranche so converted by such Lender on such date, and such Extended Tranches shall be established as a separate Tranche from the Specified Existing Tranche and from any other Existing Tranches (together with any other Extended Tranches so established on such date) and (B) if, on any Extension Date, any Revolving Loans of any Extending Lender are outstanding under the applicable Specified Existing Tranches, such loans (and any related participations) shall be deemed to be allocated as Extended Loans (and related participations) and Existing Loans (and related participations) in the same proportion as such Extending Lender’s applicable Specified Existing Tranches to the applicable Extended Tranches so converted by such Lender on such date.

(e) If, in connection with any proposed Extension Amendment, any Lender declines to consent to the applicable extension on the terms and by the deadline set forth in the applicable Extension Request (each such Lender, a “**Non-Extending Lender**”) then Borrower may, on notice to the Administrative and the Non-Extending Lender, replace such Non-Extending Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 11.04 (with the assignment fee and any other costs and expenses to be paid by Borrower in such instance) all of its rights and obligations under this Agreement to one or more assignees; *provided*, that neither the Administrative Agent nor any Lender shall have any obligation to Borrower to obtain a replacement Lender; *provided, further*, that the applicable assignee shall have agreed to provide Loans and/or a commitment on the terms set forth in such Extension Amendment; and *provided, further*, that all obligations of Borrower owing to the Non-Extending Lender relating to the Loans and participations so assigned shall be paid in full at par by the assignee Lender to such Non-Extending Lender concurrently with such Assignment and Assumption. In connection with any such replacement under this Section 2.20, if the Non-Extending Lender does not execute and deliver to the Administrative Agent a duly completed Assignment and Assumption and/or any other documentation necessary to reflect such replacement by the later of (a) the date on which the replacement Lender executes and delivers such Assignment and Assumption and/or such other documentation and (b) the date as of which all obligations of Borrower owing to the Non-Extending Lender relating to the Loans and participations so assigned shall be paid in full in cash by the assignee Lender to such Non-Extending Lender, then such Non-Extending Lender shall be deemed to have executed and delivered such Assignment and Assumption and/or such other documentation as of such date and Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Assumption and/or such other documentation on behalf of such Non-Extending Lender.

Section 2.21 **Refinancing Facilities.** (a) At any time after the Closing Date, Borrower may obtain, from any Lender or any Additional Lender, Credit Agreement Refinancing Indebtedness in respect of all or any portion of the Term Loans or Revolving Loans then outstanding under this Agreement (which will be deemed to include any then outstanding Incremental Term Loans under any Incremental Term Commitments or Incremental Revolving Loan Commitments) and any then outstanding Refinancing Term Loans in the form of Refinancing Term Loans or Refinancing Term Commitments or any then outstanding Refinancing Revolving Loans in the form of Refinancing Revolving Loans or Refinancing Revolving Loan Commitments, in each case, pursuant to a Refinancing Amendment; *provided*, that such Credit Agreement Refinancing Indebtedness (i) will, to the extent secured, rank pari passu or junior in right of payment and of security with the other Loans and Commitments hereunder (but for the avoidance of doubt, such Credit Agreement Refinancing Indebtedness may be unsecured), (ii) will have such pricing and prepayment terms as may be agreed by Borrower and the Lenders thereof, (iii) (x) will have a maturity date that is, to the extent such Loans are Refinancing Term Loans, equal to or later than the date that is 91 days after the maturity date of, and will have a Weighted Average Life to Maturity that is not shorter than, the Term Loans being refinanced, and (y) to the extent such Loans are Refinancing Revolving Loans, will have a maturity date that is equal to or later than the date that is 91 days after the maturity date of the Revolving Loans being refinanced, (iv) will have such pricing, interest rate margins, rate floors, discounts, fees, premiums and optional prepayment provisions and financial covenants as may be agreed by Borrower and the Lenders thereof, and (v) will have other terms and conditions that are similar to, or, taken as a whole, not materially more favorable to the investors providing such Credit Agreement Refinancing Indebtedness than, the Refinanced Debt; *provided, further* that the terms applicable to such Credit Agreement Refinancing Indebtedness may provide for any other additional or different terms and provisions that are agreed between Borrower and the Lenders or Additional Lenders thereof and applicable only during periods after the Latest Maturity Date that is in effect on the date such Credit Agreement Refinancing Indebtedness is issued, incurred or obtained. The effectiveness of any Refinancing Amendment shall be subject to, to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of legal opinions, board resolutions, officers' certificates and/or reaffirmation agreements reasonably satisfactory to the Administrative Agent. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Refinancing Amendment. Each of the parties hereto hereby agrees that, upon the effectiveness of any Refinancing Amendment, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Credit Agreement Refinancing Indebtedness incurred pursuant thereto (including any amendments necessary to treat the Loans and Commitments subject thereto as Refinancing Term Loans or Refinancing Revolving Loans). Any Refinancing Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section.

(b) This Section 2.21 shall supersede any provisions in Section 11.02 to the contrary.

### ARTICLE III.

#### REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to the Administrative Agent, the Collateral Agent, the Issuing Bank, the Swing Line Lender and each of the Lenders (subject to Section 5.13) that:

Section 3.01 **Organization; Powers.** Each Company (a) is duly organized and validly existing under the laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to carry on its business as now conducted and to own, lease and operate its property and (c) is qualified,



licensed and in good standing (to the extent such concept is applicable in the applicable jurisdiction) to do business in every jurisdiction where such qualification is required, except in the case of clauses (b) and (c), to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 3.02 **Authorization; Enforceability.** The Transactions to be entered into by each Loan Party are within such Loan Party's powers and have been duly authorized by all necessary corporate or other organizational action on the part of each such Loan Party. This Agreement has been duly executed and delivered by each Loan Party which is party hereto and constitutes, and each other Loan Document to which any Loan Party is required to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally, regardless of whether considered in a proceeding in equity or at law.

Section 3.03 **No Conflicts; No Default.** The Transactions (a) do not require any consent, exemption, authorization or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect, (ii) filings necessary to perfect or maintain the perfection or priority of the Liens created by the Security Documents and the Second Lien Loan Documents and (iii) consents, approvals, exemptions, authorizations, registrations, filings, permits or actions the failure of which to obtain or perform could not reasonably be expected to result in a Material Adverse Effect, (b) will not violate the Organizational Documents of any Loan Party, (c) will not violate or result in a default or require any consent or approval under any indenture, instrument, agreement, or other document binding upon any Loan Party or its property or to which any Loan Party or its property is subject, or give rise to a right thereunder to require any payment to be made by any Loan Party, except for violations, defaults or the creation of such rights that could not reasonably be expected to result in a Material Adverse Effect, (d) will not violate any Legal Requirement in any material respect, and (e) will not result in the creation or imposition of any Lien on any property of any Company, except Liens created by the Security Documents and the Second Lien Loan Documents and other Permitted Liens. No Default or Event of Default has occurred and is continuing.

Section 3.04 **Financial Statements; Projections.** (a) The financial statements for the fiscal years ended 2010, 2011 and 2012 and the fiscal quarter ended June 26, 2013 and all financial statements delivered pursuant to Section 5.01(a) and (b) have been prepared in accordance with GAAP consistently applied throughout the applicable period covered, respectively, thereby and present fairly and accurately in all material respects the financial condition and results of operations and cash flows of Parent as of the dates and for the periods to which they relate (subject to normal year-end audit adjustments and the absence of footnotes).

(b) Borrower has heretofore delivered to the Lenders Borrower's unaudited pro forma consolidated balance sheet and statements of income and cash flows, as of and for the three-month period ended June 26, 2013, in each case after giving effect to the Transactions as if they had occurred on such date in the case of the balance sheet and as of the beginning of all periods presented in the case of the statements of income and cash flows. Such pro forma financial statements (A) have been prepared in good faith by the Loan Parties, based upon (i) the assumptions stated therein (which assumptions, taken as a whole, are believed by the Loan Parties on the date thereof to be reasonable (it being understood that projections are subject to significant uncertainties and contingencies, many of which are beyond the control of Borrower, and that actual results during the period covered thereby may differ from the projected results and such differences may be material)) and (ii) accounting principles consistent with the historical audited financial statements delivered pursuant to Section 3.04(a) above, (B) accurately reflect

in all material respects all adjustments required to be made to give effect to the Transactions, (C) have been prepared in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) consistently applied throughout the applicable period covered, respectively, thereby, and (D) present fairly the pro forma consolidated financial position and results of operations of Borrower as of such date and for such periods, assuming that the Transactions had occurred at such dates.

(c) Borrower has heretofore delivered to the Lenders the forecasts of financial performance of Parent and its Subsidiaries for the fiscal years beginning with 2014 through and including 2017 (the “**Projections**”). The Projections have been prepared in good faith by the Loan Parties and based upon (i) the assumptions stated therein (which assumptions are believed by the Loan Parties on the date thereof to be reasonable (it being understood that projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower, and that actual results during the period covered thereby may differ from the projected results and such differences may be material)) and (ii) accounting principles consistent with the historical audited financial statements delivered pursuant to Section 3.04(a) above consistently applied throughout the fiscal years covered thereby.

(d) Except as set forth in the financial statements referred to in Section 3.04(a), there are no liabilities of any Company of any kind of the type required to be set forth on a balance sheet of Parent prepared in accordance with GAAP whether accrued, contingent, absolute, determined, determinable or otherwise, which could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Since December 26, 2012, there has been no event, change, circumstance or occurrence that has had, or could reasonably be expected to result in, a Material Adverse Effect.

Section 3.05 **Properties**. (a) Each Company has good title to, or valid leasehold interests in, all its property material to its business, free and clear of all Liens and irregularities, deficiencies and defects in title except for Permitted Liens and minor irregularities, deficiencies and defects in title that, individually or in the aggregate, do not, and could not reasonably be expected, in any material respect, to, interfere with its ability to conduct its business as currently conducted or to utilize such property for its intended purpose. Except as could not reasonably be expected to result in a Material Adverse Effect, the property of the Companies, taken as a whole, (i) is in good operating order, condition and repair (ordinary wear and tear excepted) and (ii) constitutes all the property which is required for the business and operations of the Companies as presently conducted.

(b) Schedule 3.05(b) contains a true and complete list of each ownership and leasehold interest in Real Property (i) owned by any Company as of the Closing Date and describes the type of interest therein held by such Company and (ii) leased, subleased or otherwise occupied or utilized by any Company, as lessee, sublessee, franchisee or licensee, as of the Closing Date and describes the type of interest therein held by such Company.

(c) No Mortgage encumbers improved Real Property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards within the meaning of the National Flood Insurance Act of 1968, as amended, unless flood insurance available under such Act has been obtained in accordance with Section 5.04.

(d) The use by each Company of its property and all such rights with respect to the foregoing do not infringe on the rights or other interests of any person, other than any infringement that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. No claim has been made and remains outstanding that any Company’s use of any of its property does or may violate the rights of any third party that, individually or in the aggregate, has had, or could reasonably be expected to result in, a Material Adverse Effect. The Real Property is zoned in all material respects to permit the uses for which such Real Property is currently being used.

(e) Except for exceptions to the following that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, there is no pending or threatened condemnation or eminent domain proceeding with respect to, or that could affect, any of the Real Property of the Companies.

Section 3.06 **Intellectual Property.** (a) **El Pollo Loco Mark.** The Borrower owns 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 each Company and the Borrower owns all right, title, and interest in its registrations for such mark and, to each Loan Party’s knowledge, no other person or entity has any ownership interest in such mark in connection with such goods and services.

(b) **Ownership; No Claims; Use of Intellectual Property; Protection of Trade Secrets.** Without limiting the foregoing subsection, each Company owns or is licensed to use, free and clear of all Liens (other than Permitted Liens), all patents and patent applications, trademarks, trade names, service marks, trade dress, logotypes and other indicia of origin, copyrights, domain names and applications for registration thereof, and technology, trade secrets, proprietary information, inventions, know-how and processes, (“**Intellectual Property**”) in each case necessary to carry on the business now operated by it (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), except for those failures to own or license which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Except pursuant to franchise agreements, samples of which have been provided to the Administrative Agent and other licenses, supply agreements, and other user agreements entered into by each Company, no Company has authorized any other Person to use any Intellectual Property owned by such Company. Each Company has taken commercially reasonable actions to protect the secrecy and confidentiality of all material trade secrets owned by such Company’s business.

(c) **Registered Intellectual Property Trade Secrets.** (i) On and as of the Closing Date, each Company owns the issued patents and pending patent applications, trademark, service mark and domain name registrations and pending applications, and copyright registrations and pending applications listed in Section II(B) (or accompanying schedule) of the Perfection Certificate, and (ii) all such patents and registered trademarks, service marks, copyrights and domain names owned by each Company and material to its business are, subsisting and in full force and effect and, to the Company’s knowledge, are valid.

(d) **No Violations or Proceedings.** (i) No Company is aware of any violation by others of any right of any Company with respect to any Intellectual Property, other than such violations that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (ii) no Company is infringing upon or misappropriating any copyright, patent, trademark, trade secret or other intellectual property right of any other Person except such as individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect, (iii) no proceedings are pending against any Company, or to the Company’s knowledge, threatened, and no written claim against any Company has been received by any Company, alleging any infringement or misappropriation, except to the extent that such proceedings, threats, or claims, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (iv) no claim has been asserted in writing by any Person or is pending challenging the Company’s right to own to use any Intellectual Property, or the validity of the Company’s Intellectual Property, except to the extent that such claims, individually or in the aggregate, could not result in a Material Adverse Effect and (v) no Company is in breach of, or in default under, any license of Intellectual Property or trademark co-existence agreement or covenant not to sue, except where such breach or default, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(e) **No Impairment.** The consummation of the Transactions will not alter or impair the Company's right to own or use any Intellectual Property, except for such alterations or impairments which result from the Company's compliance with, or the Agent's enforcement of its rights under, the Loan Documents, and except for such alterations or impairments that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(f) **No Agreement or Order Materially Affecting Intellectual Property.** Except as set forth in Schedule 3.06(f), as of the Closing Date, no Company is a party to or otherwise bound by any settlement, covenant not to sue, or other agreement, or outstanding Order, which would materially affect the Company's use or licensing of its Intellectual Property in its business as currently conducted.

Section 3.07 **Equity Interests and Subsidiaries.** (a) Schedule 3.07(a) sets forth, as of the Closing Date, a list of (i) Parent and each Subsidiary of Parent and its jurisdiction of incorporation or organization as of the Closing Date and (ii) the number of each class of its Equity Interests authorized, and the number outstanding, on the Closing Date and the number of Equity Interests covered by all outstanding options, warrants, rights of conversion or purchase and similar rights on the Closing Date. All Equity Interests of each Company are duly and validly issued and are fully paid and non-assessable, and, other than the Equity Interests of Parent and Borrower and other than Equity Interests of Parent subject to or acquired by exercise of equity or equity-based awards held by current or former employees, directors or consultants of any Company, are owned by Borrower, directly or indirectly, through Wholly Owned Subsidiaries. All Equity Interests of Borrower are owned directly by Parent. Each Loan Party is the record and beneficial owner of, and has good and marketable title to, the Equity Interests pledged by (or purporting to be pledged by) it under the Security Documents, free of any and all Liens, rights or claims of other persons, except the security interest created by the Security Documents and any Permitted Liens that arise by operation of applicable Legal Requirements and are not voluntarily granted and Liens permitted by Section 6.02(j) and (k) hereto, and, as of the Closing Date, there are no outstanding warrants, options or other rights (including derivatives) to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any such Equity Interests (or any economic or voting interests therein) of Borrower, Parent or any of its other Subsidiaries.

(b) No consent of any person, including any general or limited partner, any other member or manager of a limited liability company, any shareholder, any other trust beneficiary or derivative counterparty, is necessary in connection with the creation, perfection or first priority status (or the maintenance thereof) of the security interest of the Collateral Agent in any Equity Interests pledged to the Collateral Agent under the Security Documents or the exercise by the Collateral Agent or any Lender of the voting or other rights provided for in the Security Documents or the exercise of remedies in respect of such Equity Interests.

(c) A complete and accurate organization chart, showing the ownership and organizational structure of the Companies on the Closing Date, immediately after giving effect to the Transactions, is set forth on Schedule 3.07(c).

Section 3.08 **Litigation; Compliance with Legal Requirements.** (a) There are no actions, suits, claims, disputes, investigations, suspensions, or proceedings at law or in equity by or before any Governmental Authority now pending or, to the best of the knowledge of any Loan Party, threatened against any Company or any business, property or rights of any Company in writing, (i) that purport to affect or involve any Loan Document or any of the Transactions or (ii) that have resulted, or if adversely determined, could, individually or in the aggregate, reasonably be expected to result, in a Material Adverse Effect. Without limiting the foregoing, the Company is now and, after giving effect to the Transactions, will continue to be, authorized to offer and sell franchises in each of the states in which there now exist El Pollo Loco franchises.

(b) No Company or any of its property is (i) in violation of, nor will the continued operation of its business as currently conducted violate, any Legal Requirements (including any franchise laws (including, but not limited to, The Uniform Franchise Offering Circular), regulations, rules, decrees, orders, permits, exemptions or zoning or building ordinance, code or approval or any building permits) or any restrictions of record or agreements affecting any Company's Real Property or (ii) in default with respect to any Order, in case of clauses (i) and (ii), where such violation or default, has resulted, or could, individually or in the aggregate, reasonably be expected to result, in a Material Adverse Effect.

Section 3.09 **Agreements**. No Company is in default in any manner under any provision of any indenture or other document, agreement or instrument evidencing Indebtedness or Contingent Obligation, or any other document, agreement or instrument to which it is a party or by which it or any of its property is or may be bound or subject, where such default has resulted, or could reasonably be expected to result, in a Material Adverse Effect.

Section 3.10 **Federal Reserve Regulations**. (a) No Company is engaged principally, or has one of its important activities, in the business of extending credit for the purpose of purchasing, buying or carrying Margin Stock.

(b) No part of the proceeds of any Credit Extension will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the regulations of the Board, including Regulation T, U or X. The pledge of the Securities Collateral pursuant to the Security Agreement does not violate such regulations.

Section 3.11 **Investment Company Act, etc**. No Company is (a) an "investment company" or a company "controlled" by an "investment company," as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) subject to regulation under any Legal Requirement (other than Regulation X) that limits its ability to incur, create, assume or permit to exist Indebtedness under the Loan Documents or grant any Contingent Obligation in respect of Indebtedness under the Loan Documents.

Section 3.12 **Use of Proceeds**. Borrower will use the proceeds of the Loans and the Second Lien Term Loans to (i) repay all of the Existing Debt pursuant to the Existing Debt Repayment Documents, (ii) fund certain fees and expenses associated with the Transactions and (iii) fund working capital, capital expenditures and general corporate purposes (including to effect Permitted Acquisitions and other Investments permitted hereunder).

Section 3.13 **Taxes**. Each Company has (a) timely filed or caused to be timely filed all federal, material state, material foreign and material local Tax Returns required to have been filed by it and all such Tax Returns are true and correct in all material respects and (b) duly and timely paid or caused to be duly and timely paid all material Taxes (whether or not shown on any Tax Return) due and payable by it and all assessments received by it, except Taxes that are being contested in good faith by appropriate proceedings and for which such Company has set aside on its books adequate reserves in accordance with GAAP. Each Company has made adequate provision in accordance with GAAP for all Taxes not yet due and payable. No Company has knowledge of any proposed or pending tax assessments, deficiencies, audits or other proceedings and no proposed or pending tax assessments, deficiencies, audits or other proceedings have resulted, or could, individually or in the aggregate, reasonably be expected to result, in a Material Adverse Effect.

Section 3.14 **No Material Misstatements.** No written information, report, financial statement, certificate (including the Perfection Certificate), Borrowing Request, LC Request, exhibit or schedule furnished by or on behalf of any Company to the Administrative Agent or any Lender in connection any Loan Document or included therein or delivered pursuant thereto (including the Preliminary Information Memorandum), excluding any projections and information of a general economic or industry specific nature taken as a whole and when furnished, contained or contains any material misstatement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which they were or are made, not materially misleading as of the date such information is dated or certified; *provided* that to the extent any such information, report, financial statement, exhibit or schedule constitutes a forecast or projection, each Loan Party represents and warrants only that on the date of preparation thereof such forecast or projection was prepared in good faith based upon (i) the assumptions stated therein (which assumptions are believed by the Loan Parties on the date of preparation thereof to be reasonable (it being recognized that such forecasts or projections are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ significantly from the projected results, such differences may be material, and no assurance can be given that the projected results will be realized) and (ii) accounting principles consistent with the historical financial statements of Parent.

Section 3.15 **Labor Matters.** There are no strikes, lockouts or slowdowns against any Company pending or, to the best of the knowledge of the Loan Parties, threatened that have resulted in, or could reasonably be expected to result in, a Material Adverse Effect. The hours worked by and payments made to employees of any Company have not been in violation of the Fair Labor Standards Act of 1938, as amended, or any other applicable Legal Requirement dealing with such matters in any manner that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect. All payments due from any Company, or for which any claim may be made against any Company, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Company except to the extent that the failure to do so has not resulted in, and could not reasonably be expected to result in, a Material Adverse Effect. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Company is bound.

Section 3.16 **Solvency.** Both immediately before and immediately after the consummation of the Transactions to occur on the Closing Date and immediately following the making of each Credit Extension and after giving effect to the application of the proceeds of each Credit Extension with respect to the Parent and its subsidiaries on a consolidated basis, (A) the fair value of the properties of the Parent and its subsidiaries, taken as a whole, will exceed their debts and liabilities, subordinated, contingent or otherwise, (B) the present fair saleable value of the property of the Parent and its subsidiaries, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (C) the Parent and its subsidiaries, taken as a whole, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured, and (D) the Parent and its subsidiaries, taken as a whole, will not have unreasonably small capital with which to conduct the businesses in which they are engaged, as such businesses are now conducted and are proposed, contemplated or about to be conducted following the Closing Date.

Section 3.17 **Employee Benefit Plans.** (a) The Company and each of its ERISA Affiliates is in material compliance with all applicable Legal Requirements, including all applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder, with respect to all Employee Benefit Plans. Each Employee Benefit Plan complies in all material respects, and is operated and maintained in compliance in all material respects, with all applicable Legal Requirements,

including all applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder. Each Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination from the Internal Revenue Service for all required amendments and nothing has occurred which could reasonably be expected to prevent, or cause the loss of, such qualification.

(b) No ERISA Event has occurred or is expected to occur. No Pension Plan has any Unfunded Pension Liability. Within the last six years, no Pension Plan has been terminated, whether or not in a “standard termination” as that term is used in Section 4041 of ERISA, nor has any Pension Plan (determined at any time within the last six years) with an Unfunded Pension Liability been transferred outside of the “controlled group” (within the meaning of Section 4001(a)(14) of ERISA) of any Company or any of its ERISA Affiliates. Using actuarial assumptions and computation methods consistent with subpart I of subtitle E of Title IV of ERISA, the aggregate liabilities of any Company or any of its ERISA Affiliates to all Multiemployer Plans in the event of a complete withdrawal therefrom, as of the close of the most recent fiscal year of each such Multiemployer Plan, have not resulted in, and could not reasonably be expected to result in, a Material Adverse Effect.

(c) Except to the extent required under (i) Section 4980B of the Code or applicable state law or (ii) the terms of any employment agreement, no Employee Benefit Plan provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of any Company or any of its ERISA Affiliates.

### Section 3.18 **Environmental Matters.**

(a) Except as could not reasonably be expected to result in a Material Adverse Effect:

(i) the Companies and their businesses, operations and Real Property are and have at all times during the Companies’ ownership or lease thereof been in compliance with, and the Companies have no liability under, any applicable Environmental Law;

(ii) the Companies have obtained all Environmental Permits required for the conduct of their businesses and operations, and the ownership, operation and use of their Real Property, under all applicable Environmental Laws. The Companies are in compliance with the terms and conditions of such Environmental Permits, and all such Environmental Permits are valid and in good standing. No expenditures or operational adjustments are reasonably anticipated to be required to remain in compliance with the terms and conditions of, or to renew or modify such Environmental Permits during the next five years;

(iii) there has been no Release or threatened Release or any handling, management, generation, treatment, storage or disposal of, or exposure to, Hazardous Materials on, at, under or from any Real Property or facility presently or formerly owned, leased or operated by any of the Companies or their predecessors in interest that has resulted in, or is reasonably likely to result in, liability or obligations by any of the Companies under Environmental Law or in an Environmental Claim;

(iv) there is no Environmental Claim pending or, to the knowledge of the Loan Parties, threatened against any of the Companies, or relating to the Real Property currently or formerly owned, leased or operated by any of the Companies or relating to the operations of the Companies and, to the knowledge of the Loan Parties, there are no actions, activities, circumstances, conditions, events or incidents that are reasonably likely to form the basis of such an Environmental Claim;

(v) no person with an indemnity, contribution or other obligation to any of the Companies relating to compliance with or liability under Environmental Law is in default with respect to any such indemnity, contribution or other obligation;

(vi) no Company is obligated to perform any action or otherwise incur any expense under Environmental Law, including pursuant to any Order or agreement by which it is bound or has assumed by contract or agreement, and no Company is conducting or financing any Response pursuant to any Environmental Law with respect to any Real Property or any other location;

(vii) no Real Property or facility owned, operated or leased by the Companies and, to the knowledge of the Loan Parties, no Real Property or facility formerly owned, operated or leased by any of the Companies or any of their predecessors in interest is (i) listed or proposed for listing on the National Priorities List as defined in and promulgated pursuant to CERCLA or (ii) listed on the Comprehensive Environmental Response, Compensation and Liability Information System promulgated pursuant to CERCLA or (iii) included on any similar list maintained by any Governmental Authority that indicates that any Company has or is reasonably likely to have an obligation to undertake investigatory or remediation obligations under applicable Environmental Laws;

(viii) there are no underground or aboveground storage tanks, whether empty or containing any Hazardous Material, located on any Real Property; and

(ix) no Lien has been recorded or, to the knowledge of any Loan Party, threatened under any Environmental Law with respect to any Real Property or property of the Companies.

(b) The Companies have made available to the Lenders all material records and files in the possession, custody or control of, or otherwise reasonably available to, the Companies concerning compliance with or liability or obligation under Environmental Law, including those concerning the condition of the Real Property or the actual or suspected existence or Release of Hazardous Materials at, under or from Real Property or facilities currently or formerly owned, operated, leased or used by any of the Companies.

Section 3.19 **Insurance**. Schedule 3.19 sets forth a true, complete and accurate description in reasonable detail of all insurance maintained by each Company as of the Closing Date. The Borrower reasonably believes that the Company has insurance in such amounts and covering such risks and liabilities as are customary for companies of a similar size engaged in similar businesses in similar locations. All material insurance maintained by the Companies is in full force and effect, all premiums have been duly paid.

Section 3.20 **Security Documents**. (a) The Security Agreement is effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral and, (i) when financing statements and other filings in appropriate form are filed in the jurisdictions specified in Section I(A) and Section II(E)(1) of the Perfection Certificate (as updated in accordance with the terms hereof) and (ii) upon the taking of possession or control by the Collateral Agent of the Security Agreement Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent to the extent possession or control by the Collateral Agent is required by each Security Document), the Liens created by the Security Agreement shall constitute fully perfected Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral (other than (A) the Intellectual Property constituting Collateral and (B)



such Security Agreement Collateral in which a security interest cannot be perfected under the UCC as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(b) When (i) the Security Agreement or a short form thereof is recorded in the United States Patent and Trademark Office (“**USPTO**”) and the United States Copyright Office (“**USCO**”), and (ii) financing statements and other filings in appropriate form are filed in the jurisdictions specified in Schedule I(A) of the Perfection Certificate, the Liens created by the Security Agreement shall constitute fully perfected Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Intellectual Property constituting Collateral, in each case subject to no Liens other than Permitted Liens, but subject, as to Intellectual Property acquired by a Loan Party subsequent to the date hereof, to the making of additional recordings in the USPTO or USCO, as applicable, and subject, as to Intellectual Property created under the laws of jurisdictions outside the United States, to the taking of actions appropriate under the laws of such jurisdiction to achieve perfection of the Liens in such Intellectual Property; *provided that*, pursuant to Section 5.10, no such actions need to be taken by any Loan Party.

(c) Each Mortgage is effective to create, in favor of the Collateral Agent, for its benefit and the benefit of the Secured Parties, legal, valid and enforceable first priority Liens on, and security interests in, all of the Loan Parties’ right, title and interest in and to the Mortgaged Properties thereunder and the proceeds thereof, subject only to Permitted Liens, and when the Mortgages are filed in the offices specified on Schedule 3.20(c) (or, in the case of any Mortgage executed and delivered after the date thereof in accordance with the provisions of Sections 5.10 and 5.11, when such Mortgage is filed in the offices specified in the local counsel opinion delivered with respect thereto in accordance with the provisions of Sections 5.10 and 5.11), the Mortgages shall constitute fully perfected Liens on, and security interests in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, in each case prior and superior in right to any other person, other than Permitted Liens.

(d) Each Security Document delivered pursuant to Sections 5.10 and 5.11 will, upon execution and delivery thereof, be effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, all of the Loan Parties’ right, title and interest in and to the Collateral thereunder, and (i) when all appropriate filings or recordings are made in the appropriate offices as may be required under applicable Legal Requirements and (ii) upon the taking of possession or control by the Collateral Agent of such Collateral with respect to which a security interest may be perfected only by possession or control (which such possession or control shall be given to the Collateral Agent to the extent required by any Security Document), the Liens in favor of the Collateral Agent created under such Security Document will constitute valid, enforceable and fully perfected first priority Liens on, and security interests in, all right, title and interest of the Loan Parties in such Collateral, in each case subject to no Liens other than Permitted Liens.

Section 3.21 **Anti-Terrorism Law; Foreign Corrupt Practices Act.** (a) No Company and, to the knowledge of the Loan Parties, none of its Affiliates is in violation of any Legal Requirements relating to terrorism or money laundering (“**Anti-Terrorism Laws**”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “**Executive Order**”), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (the “**Patriot Act**”).

(b) No Company, and to the knowledge of the Loan Parties, no Affiliate or broker or other agent of any Loan Party acting or benefiting in any capacity in connection with the Credit Extensions is any of the following:

- (i) a person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a person that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control (“**OFAC**”) at its official website or any replacement website or other replacement official publication of such list.

(c) No Company and, to the knowledge of the Loan Parties, no broker or other agent of any Company acting in any capacity in connection with the Loans (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in Section 3.21(b) (other than ordinary course retail transactions), (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(d) No Company nor any director or officer, nor to the knowledge of the Loan Parties, any agent, employee or other person acting, directly or indirectly, on behalf of any Company, has, in the course of its actions for, or on behalf of, any Company, directly or indirectly, materially (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

Section 3.22 **Subordinated Indebtedness**. Without limiting the foregoing, the Secured Obligations, the Specified Hedging Agreement Obligations and the Guaranteed Obligations are, and at all times shall be designated, “Senior Debt”, “Designated Senior Debt” or the equivalent thereof for all purposes of all Subordinated Indebtedness.

Section 3.23 **Bank Accounts**. The account numbers, names of the applicable financial institutions, and locations of all bank accounts, deposit accounts, and investment accounts of Borrower and/or any of its Subsidiaries as of the Closing Date are set forth on Schedule 3.23 (as such Schedule may be amended by delivery of an amended Schedule to the Administrative Agent) hereto (the “**Operating Accounts**”), which Schedule identifies all Operating Accounts (if any) used as tax accounts or payroll accounts.

ARTICLE IV.

CONDITIONS TO CREDIT EXTENSIONS

Section 4.01 **Conditions to Initial Credit Extension.** The obligation of each Lender and, if applicable, the Swing Line Lender and each Issuing Bank to fund the initial Credit Extension requested to be made by it shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.01.

(a) **Loan Documents.** All legal matters incident to this Agreement, the Credit Extensions hereunder and the other Loan Documents shall be reasonably satisfactory to the Lenders and to the Administrative Agent and there shall have been delivered to the Administrative Agent a properly executed counterpart of each of the Loan Documents and the Perfection Certificate, by each of the parties, respectively, thereto (or written evidence reasonably satisfactory to the Administrative Agent (which may include a facsimile transmission or PDF copy of a signed signature page to each such Loan Document and the Perfection Certificate) that each such party has signed, as applicable, a counterpart to each such Loan Document and the Perfection Certificate).

(b) **Corporate Documents.** The Administrative Agent shall have received:

(i) a certificate of the secretary or assistant secretary of each Loan Party dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of each Organizational Document of such Loan Party certified (to the extent applicable) as of a recent date by the Secretary of State of the state of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of Borrower, the Credit Extensions hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and (C) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party (together with a certificate of another officer as to the incumbency and specimen signature of the secretary or assistant secretary executing the certificate required by this clause (i));

(ii) a certificate as to the good standing of each Loan Party as of a recent date, from such Secretary of State; and

(iii) such other documents, instruments or certificates as the Administrative Agent may reasonably request in connection with the Transactions.

(c) **Officers' Certificate.** The Administrative Agent shall have received a certificate, dated the Closing Date and signed by the chief executive officer or the chief financial officer of Borrower, confirming compliance with the conditions precedent set forth in Section 4.01(j), (k) and (q) and Section 4.02(b) and (c).

(d) Financings and Other Transactions, Etc. Each of the Transaction Documents shall be in form and substance reasonably satisfactory to the Administrative Agent and each of the Lenders, and shall be in full force and effect on the Closing Date. The Transactions shall have been consummated or shall be consummated simultaneously on the Closing Date, in each case in accordance with the terms hereof and the terms of the Transaction Documents, without the waiver or amendment of any such terms not approved by the Administrative Agent (other than with respect to the Loan Documents and the Second Lien Loan Documents, to the extent such waiver or amendment could reasonably be expected to be adverse to the Lenders in any material respect).

(i) Borrower shall have received or shall receive simultaneously on the Closing Date \$100,000,000 in aggregate principal amount of the Second Lien Term Loans and concurrently consummated the transactions under the Second Lien Loan Documents; and

(ii) the Administrative Agent shall have received evidence that the Existing Debt has been discharged and all Liens in favor of all lenders and agents holding such debt released, in each case, pursuant to the Existing Debt Repayment Documents; there shall have been delivered to the Administrative Agent a properly executed counterpart of each of the Existing Debt Repayment Documents by each of the parties, respectively, thereto (or written evidence reasonably satisfactory to the Administrative Agent (which may include a facsimile transmission or PDF copy of a signed signature page to each such Existing Debt Repayment Document) that each such party has signed, as applicable, a counterpart to each such Existing Debt Repayment Document).

(e) Projections. The Lenders shall have received the financial statements described in Section 3.04 and the Projections described in Section 3.04.

(f) Indebtedness. After giving effect to the Transactions and the other transactions contemplated hereby, no Company shall have outstanding any Indebtedness for borrowed money or Preferred Stock other than (i) the Loans and Credit Extensions hereunder, (ii) the Second Lien Term Loans, (iii) the Indebtedness listed on Schedule 6.01(b) and (iv) Indebtedness owed to any Loan Party.

(g) Opinions of Counsel. The Administrative Agent shall have received, on behalf of itself, the other Agents, the Lenders, the Issuing Bank and the Swing Line Lender, a favorable written opinion in form and substance reasonably satisfactory to the Administrative Agent of (i) Skadden Arps, Slate, Meagher & Flom, LLP, special counsel for the Loan Parties and (ii) each local counsel, if any, listed on Schedule 4.01(g)(i).

(h) Solvency Certificate. The Administrative Agent shall have received a solvency certificate (a “**Solvency Certificate**”) in the form of Exhibit M, dated the Closing Date and signed by the chief financial officer or chief executive officer of Borrower.

(i) Legal Requirements. The Administrative Agent shall be satisfied that each Company, and the Transactions shall be in full compliance with all material Legal Requirements, including Regulations T, U and X of the Board, and shall have received satisfactory evidence of such compliance reasonably requested by them.

(j) Consents. The Administrative Agent shall be satisfied that all requisite Governmental Authorities, equityholders and third parties shall have approved, authorized or consented to the Transactions, and there shall be no governmental or judicial action, that has or would have, individually or in the aggregate, a Material Adverse Effect on the Transactions.

(k) Litigation. There shall not exist any claim, action, suit, investigation, litigation or proceeding pending or threatened in writing by or before any court, or any governmental, administrative or regulatory agency or authority, domestic or foreign, that, in the opinion of the Administrative Agent has had, or could reasonably be expected to result in, a Material Adverse Effect on the ability of any Company to perform its obligations under the Loan Documents or the Second Lien Loan Documents or the ability of the parties to consummate the financings contemplated hereby or the other Transactions.

(l) Use of Proceeds. The proceeds of all Credit Extensions shall be used as set forth in Section 3.12.

(m) Fees. The Joint Lead Arrangers and Administrative Agent shall have received all Fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced one Business Day prior to the Closing Date, reimbursement or payment of all reasonable out-of-pocket expenses (including the premiums and recording taxes and fees and the legal fees and expenses of Shearman & Sterling LLP, special counsel to the Administrative Agent and the Joint Lead Arrangers, and the fees and expenses of a single local counsel in each relevant jurisdiction) required to be reimbursed or paid by the Loan Parties hereunder or under any other Loan Document (but in any event, subject to the Fee Letter).

(n) Personal Property Requirements. The Collateral Agent shall have received:

(i) all certificates, agreements or instruments representing or evidencing the Securities Collateral accompanied by instruments of transfer and stock powers undated and endorsed in blank;

(ii) the Intercompany Note executed by and among the Companies, accompanied by an endorsement to the Intercompany Note in the form attached thereto, undated and endorsed in blank by each of the Loan Parties;

(iii) all other certificates, agreements, or instruments necessary to perfect the Collateral Agent's security interest in all chattel paper, all Instruments, all accounts identified in Schedule 3.23 and all Investment Property of each Loan Party (as each such term is defined in, and to the extent required by, the Security Agreement);

(iv) UCC financing statements in appropriate form for filing under the UCC, filings with the United States Patent and Trademark Office and United States Copyright Office and such other documents under applicable Legal Requirements in each jurisdiction as may be necessary or appropriate or, in the opinion of the Collateral Agent, desirable to perfect the Liens created, or purported to be created, by the Security Documents; and

(v) copies, each as of a recent date, of (x) the UCC searches requested by the Administrative Agent and (y) such other searches that the Collateral Agent deems necessary or appropriate.

(o) [Reserved].

(p) Insurance. The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 5.04 and the applicable provisions of the Security Documents, each of which shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable or mortgagee endorsement (as applicable) and shall name the Collateral Agent, on behalf of the Secured Parties, as additional insured, in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent.

(q) Material Adverse Effect. Since December 26, 2012, there shall not have occurred a Material Adverse Effect nor shall there exist any facts, circumstances, developments or events that could reasonably be expected to cause or result in a Material Adverse Effect.

Section 4.02 **Conditions to All Credit Extensions**. The obligation of each Lender, the Swing Line Lender and each Issuing Bank to make any Credit Extension (including the initial Credit Extension) shall be subject to the satisfaction of each of the conditions precedent set forth below:

(a) **Notice**. The Administrative Agent shall have received a Borrowing Request as required by Section 2.03 (or such notice shall have been deemed given in accordance with Section 2.03) if Loans are being requested or, in the case of the issuance, amendment, extension or renewal of a Letter of Credit, the Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance, amendment, extension or renewal of such Letter of Credit as required by Section 2.17(b) or, in the case of the Borrowing of a Swing Line Loan, the Swing Line Lender and the Administrative Agent shall have received a Borrowing Request as required by Section 2.18(b).

(b) **No Default**. At the time of and immediately after giving effect to such Credit Extension and the application of the proceeds thereof, no Default or Event of Default shall have occurred and be continuing on such date.

(c) **Representations and Warranties**. Each of the representations and warranties made by any Loan Party set forth in Article III or in any other Loan Document shall be true and correct in all material respects on and as of the date of such Credit Extension with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects on and as of such earlier date); *provided* that any representation and warranty that is qualified as to “materiality”, “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

(d) **Availability**. After making the Credit Extensions, the sum of all Revolving Lender’s Revolving Exposure shall not exceed the Commitments then in effect.

Each of the delivery of a Borrowing Request or notice requesting the issuance, amendment, extension or renewal of a Letter of Credit and the acceptance by Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by Borrower and each other Loan Party that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the conditions contained in this Section 4.02 have been satisfied.

## ARTICLE V.

### AFFIRMATIVE COVENANTS

Each Loan Party warrants, covenants and agrees with the Administrative Agent, the Collateral Agent, the Swing Line Lender, the Issuing Bank and each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest and premium (if any) on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full and all Letters of Credit have been canceled or Cash Collateralized or have expired and all amounts drawn thereunder have been reimbursed in full, each Loan Party will, and will cause each of its Subsidiaries to:

Section 5.01 **Financial Statements, Reports, etc**. Furnish to the Administrative Agent for distribution to the Lenders:

(a) **Annual Reports**. As soon as available and in any event within 105 days after the end of each fiscal year, (i) the consolidated balance sheet of Borrower as of the end of such fiscal year and related consolidated statements of income, cash flows and stockholders’ equity for such fiscal year, in comparative form with such financial statements as of the end of, and for, the preceding fiscal year, and notes thereto, all prepared in accordance with GAAP and accompanied by an opinion of BDO USA, LLP, a “Big Four” accounting firm (or other accounting firm accredited by the Public Company Accounting

Oversight Board) or other independent public accountants of recognized standing reasonably satisfactory to the Administrative Agent (which opinion shall not be qualified as to scope or contain any going concern or other material qualification or exemption, other than with respect to or resulting from the maturity of any Loans under this Agreement or the Second Lien Loan Documents maturing within one year from the time such opinion is given), stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of Borrower as of the dates and for the periods specified in accordance with GAAP and (ii) a management's discussion and analysis of the financial condition and results of operations for such fiscal year, as compared to the previous fiscal year;

(b) Quarterly Reports. As soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year, (i) the internally generated consolidated balance sheet of Borrower as of the end of such fiscal quarter and related consolidated statements of income and cash flows for such fiscal quarter and for the then elapsed portion of the fiscal year, in comparative form with the consolidated statements of income and cash flows for the comparable periods in the previous fiscal year, and notes thereto, all prepared in accordance with GAAP and accompanied by a certificate of a Financial Officer stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of Borrower as of the date and for the periods specified in accordance with GAAP consistently applied, and on a basis consistent with audited financial statements referred to in clause (a) of this Section 5.01, subject to normal year-end audit adjustments and the absence of footnotes, and (ii) a management's discussion and analysis of the financial condition and results of operations for such fiscal quarter and the then elapsed portion of the fiscal year, as compared to the comparable periods in the previous fiscal year and budgeted amounts;

(c) Financial Officer's Certificate. (i) Concurrently with any delivery of financial statements under Section 5.01(a) or (b) above, a Compliance Certificate certifying that no Default or Event of Default has occurred or, if such a Default has occurred, specifying in reasonable detail the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto; (ii) concurrently with any delivery of financial statements under Section 5.01(a) or (b) above, a Compliance Certificate setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Section 6.10; (iii) in the case of Section 5.01(a) above, setting forth Borrower's calculation of Excess Cash Flow; and (iv) in the case of Section 5.01(a) above, a report of the accounting firm opining on or certifying such financial statements stating that in the course of its regular audit of the financial statements of Borrower and its Subsidiaries, which audit was conducted in accordance with GAAP, such accounting firm obtained no knowledge that any Default has occurred or, if in the opinion of such accounting firm such a Default has occurred, specifying in reasonable detail the nature and extent thereof, in each case insofar as such Default relates to accounting matters (provided, however, that such report may indicate that the accounting firm's audit was not directed primarily toward obtaining knowledge of such noncompliance);

(d) [Reserved];

(e) Budgets. Within 30 days after the first day of each fiscal year of Borrower, a budget in form reasonably satisfactory to the Administrative Agent (including budgeted consolidated statements of income and cash flows and balance sheets) prepared by Borrower for each fiscal quarter of such fiscal year prepared in detail with appropriate presentation and discussion in reasonable detail of the principal assumptions upon which such budget is based, accompanied by a certificate of a Financial Officer of Borrower certifying that the budget of Borrower and its Subsidiaries is a reasonable forecasted estimate for the period covered thereby;

(f) [Reserved];

(g) [Reserved];

(h) Certification of Public Information. The Borrower and each Lender acknowledge that certain of the Lenders may be Public Lenders and, if documents or notices required to be delivered pursuant to this Section 5.01 or otherwise are being distributed through a Platform, any document or notice that the Borrower has indicated contains Non-Public Information shall not be posted on that portion of the Platform designated for such Public Lenders. The Borrower agrees to clearly designate all information provided to the Administrative Agent by or on behalf of the Borrower which is suitable to make available to Public Lenders. If the Borrower has not indicated whether a document or notice delivered pursuant to this Section 5.01 contains Non-Public Information, the Administrative Agent reserves the right to post such document or notice solely on that portion of the Platform designated for Lenders who wish to receive material Non-Public Information with respect to the Borrower, its Subsidiaries and their securities; and

(i) Other Information. Promptly, from time to time, such other information regarding the operations, business affairs and financial condition of any Company, or compliance with the terms of any Loan Document, or the environmental condition of any Real Property, as the Administrative Agent or, if any Event of Default has occurred and is then continuing, the Required Lenders may reasonably request.

Section 5.02 Litigation and Other Notices. Furnish to the Administrative Agent for distribution to Lenders written notice of the following promptly (and, in any event, within 5 Business Days following the date on which a Responsible Officer or any senior vice-president obtains knowledge thereof):

(a) any Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit, litigation or proceeding, whether at law or in equity or otherwise by or before any Governmental Authority, (i) against any Company that has had, or could reasonably be expected to result in, a Material Adverse Effect, (ii) with respect to any Loan Document or (iii) with respect to any of the other Transactions;

(c) any development that has resulted, or could reasonably be expected to result, in a Material Adverse Effect;

(d) the occurrence of a Casualty Event in excess of \$5,000,000 (whether or not covered by insurance);

(e) the occurrence of any ERISA Event that alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of Borrower and its Subsidiaries in an aggregate amount exceeding \$2,000,000; and

(f) the receipt by any Company of any notice of any Environmental Claim or violation of or potential liability under, or knowledge by any Company that there exists a condition that has resulted, or could reasonably be expected to result, in an Environmental Claim or a violation of or liability under, any Environmental Law, except for Environmental Claims, violations and liabilities the consequence of which, in the aggregate, have not and could not be reasonably likely to subject the Companies collectively to liabilities exceeding \$2,000,000.



Section 5.03 **Existence; Businesses and Properties.** (a) Do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.05 or Section 6.06.

(b) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, privileges, franchises, authorizations, patents, copyrights, trademarks and trade names, in each case, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; maintain and operate such business in accordance with Section 6.15; comply with all applicable Legal Requirements (including any and all zoning, building, Environmental Law, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Real Property) and decrees and Orders of any Governmental Authority, whether now in effect or hereafter enacted, except where the failure to comply with such Legal Requirements could not reasonably be expected to result in a Material Adverse Effect; pay and perform its obligations under all Leases and Transaction Documents (other than the Loan Documents) except where the failure to perform such obligations could not reasonably be expected to result in a Material Adverse Effect; and except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, at all times maintain, preserve and protect all property and keep such property in good repair, working order and condition (other than wear and tear occurring in the ordinary course of business) and from time to time make, or cause to be made, all necessary and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times; *provided* that nothing in this Section 5.03(b) shall prevent (i) Dispositions of property, consolidations or mergers by or involving any Company in accordance with Section 6.05 or Section 6.06; (ii) the withdrawal by any Company of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to result in a Material Adverse Effect; or (iii) the abandonment or other failure to maintain, preserve, renew, extend, protect or keep in full force and effect (except where the failure to do so could reasonably be expected to have a Material Adverse Effect) by any Company of any Intellectual Property that such Company reasonably determines is not useful in any material respect to its businesses or no longer commercially desirable.

Section 5.04 **Insurance.** (a) Maintain insurance, to such extent and against such risks as the Borrower reasonably believes is customary for companies in the same or similar businesses operating in the same or similar locations, including insurance with respect to Mortgaged Properties and other properties material to the business of the Companies against such casualties and contingencies and of such types and in such amounts with such deductibles as is customary in the case of similar businesses operating in the same or similar locations.

(b) All such property and liability insurance shall (i) name the Collateral Agent as mortgagee (in the case of property insurance) or additional insured on behalf of the Secured Parties (in the case of liability insurance) or loss payee (in the case of property insurance), as applicable, and (ii) be reasonably satisfactory in all other material respects to the Collateral Agent.

(c) With respect to each Mortgaged Property, obtain flood insurance in such total amount as the Administrative Agent or the Required Lenders may from time to time reasonably require, if at any time the area in which any improvements located on any Mortgaged Property is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as amended.

(d) Deliver to the Administrative Agent, the Collateral Agent and the Lenders a report of a reputable insurance broker with respect to such insurance and such supplemental reports with

respect thereto as the Administrative Agent or the Collateral Agent may from time to time reasonably request (but, other than as may be required in connection with any Acquisition or under Section 5.10 hereof, in no event more than one time per calendar year unless an Event of Default has occurred and is continuing).

Section 5.05 **Obligations and Taxes.** (a) Pay and discharge promptly when due all material Taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, services, materials and supplies or otherwise that, if unpaid, might give rise to a Lien other than a Permitted Lien upon such properties or any part thereof; *provided* that such payment and discharge shall not be required with respect to any such Tax, assessment, charge, levy or claim so long as (i) the validity or amount thereof shall be contested in good faith by appropriate proceedings timely instituted and diligently conducted and the applicable Company shall have set aside on its books adequate reserves or other appropriate provisions with respect thereto in accordance with GAAP, and (ii) such contest operates to suspend collection of the contested obligation, Tax, assessment or charge and enforcement of a Lien other than a Permitted Lien.

(b) Timely and correctly file all income (federal, state and local) Tax Returns and other material Tax Returns required to be filed by it.

(c) Borrower does not intend to treat the Loans as being a “reportable transaction” within the meaning of Treasury Regulation Section 1.6011-4. In the event Borrower determines to take any action inconsistent with such intention, it will promptly notify the Administrative Agent thereof.

Section 5.06 **Employee Benefits.** (a) Comply in all material respects with all applicable Legal Requirements, including the applicable provisions of ERISA and the Code with respect to all Employee Benefit Plans and (b) furnish to the Administrative Agent (x) as soon as possible after, and in any event within five Business Days after any Responsible Officer of any Company or any ERISA Affiliate of any Company knows or has reason to know that, any ERISA Event or other material event with respect to an Employee Benefit Plan has occurred that, alone or together with any other ERISA Event could reasonably be expected to result in liability of the Companies or any of their ERISA Affiliates in an aggregate amount exceeding \$2,000,000 or the imposition of a Lien, a statement of a Financial Officer of Borrower setting forth details as to such ERISA Event and the action, if any, that the Companies propose to take with respect thereto, and (y) upon request by the Administrative Agent, copies of (i) annual report (Form 5500 Series) filed by any Company or any of its ERISA Affiliates with the Employee Benefits Security Administration with respect to each Employee Benefit Plan; (ii) if available, the most recent actuarial valuation report for each Pension Plan; (iii) all notices received by any Company or any of its ERISA Affiliates from a Multiemployer Plan sponsor or any governmental agency concerning an ERISA Event; and (iv) such other information, documents or governmental reports or filings relating to any Employee Benefit Plan as the Administrative Agent shall reasonably request.

Section 5.07 **Maintaining Records; Access to Properties and Inspections; Annual Meetings.** (a) Keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all Legal Requirements are made of all dealings and transactions in relation to its business and activities. Each Company will permit any representatives designated by the Administrative Agent or, upon the occurrence and during the continuation of any Event of Default, any Lender (i) to visit and inspect the financial records and the property of such Company upon reasonable prior notice and, at reasonable times not more than once per fiscal year during normal business hours (other than at any time during the continuance of any Event of Default), and (ii) to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent or, upon the occurrence and during the continuation of any Default or Event of Default, any Lender

to discuss the affairs, finances, accounts and condition of any Company with the officers and employees thereof and advisors therefor (including independent accountants; *provided* that the Borrower shall have the right to participate in any discussions with independent accountants).

(b) Prior to the occurrence of an IPO, within 15 days after the delivery of financial statements required to be delivered pursuant to Sections 5.01(a), use commercially reasonable efforts to hold a conference call (which shall be divided into separate presentations for Public Lenders and Private Siders) with all Lenders who choose to participate in such conference call on which conference call shall be reviewed the financial results of the previous fiscal year period and the financial condition of the Companies and the budgets presented for the current fiscal year period of the Companies.

Section 5.08 **Use of Proceeds**. Use the proceeds of the Loans only for the purposes set forth in Section 3.12 and request the issuance of Letters of Credit to support obligations of Borrower or any of its Subsidiaries incurred in the ordinary course of business.

Section 5.09 **Compliance with Environmental Laws; Environmental Reports**. (a) Except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, comply, and use commercially reasonable efforts to cause all lessees and other persons occupying Real Property owned, operated or leased by any Company to comply, in all material respects, with all Environmental Laws and Environmental Permits applicable to its operations and the Real Property; obtain and maintain in full force and effect all material Environmental Permits applicable to its operations and the Real Property; and conduct all Responses required by any Governmental Authority or under any applicable Environmental Laws, and in accordance with, the requirements of any Governmental Authority and applicable Environmental Laws.

(b) Take commercially reasonable efforts to do or cause to be done all things necessary to prevent any material Release of Hazardous Materials in, on, under, at, to or from any Real Property owned, leased or operated by any of the Companies or their predecessors in interest except in full compliance with applicable Environmental Laws or an Environmental Permit and to ensure that there shall be no Hazardous Materials in, on, under or from any Real Property owned, leased or operated by any of the Companies except those that are used, stored, handled and managed in full compliance with applicable Environmental Laws.

(c) Undertake all actions, including Response actions, necessary, at the sole cost and expense of Borrower, (i) to address any Release of Hazardous Materials on, at, under, from or onto any Real Property owned, leased or operated by any of the Companies or their predecessors in interest as required pursuant to Environmental Law or the requirements of any Governmental Authority; (ii) to address, to the extent required by applicable Environmental Laws or to eliminate any imminent or substantial risk to human health or the Environment, any material environmental conditions relating to any Company, any Company's business or to any Real Property, owned, leased or operated by any of the Companies pursuant to any reasonable written request of the Administrative Agent and share with the Administrative Agent all data, information and reports generated or prepared in connection therewith; (iii) to keep any Real Property owned, leased or operated by any of the Companies free and clear of all Liens and other encumbrances pursuant to any Environmental Law, whether due to any act or omission of any Company or any other person; and (iv) in any event which could reasonably be expected to result in liability to the Companies exceeding \$5,000,000, to promptly notify the Administrative Agent in writing of: (1) any Release or threatened Release of Hazardous Materials in, on, under, at, from or migrating to any Real Property owned, leased or operated by any of the Companies, except those that are pursuant to and in compliance with the terms and conditions of an Environmental Permit, (2) any non-compliance with, or violation of, any Environmental Law applicable to any Company, any Company's business and any Real Property owned, leased or operated by any of the Companies, (3) any Lien pursuant to

Environmental Law imposed on any Real Property owned, leased or operated by any of the Companies, (4) any investigation or remediation of any Real Property owned, leased or operated by any of the Companies required to be undertaken pursuant to Environmental Law, and (5) any notice or other communication received by any Company from any person or Governmental Authority relating to any Environmental Claim or liability or potential liability of any Company pursuant to any Environmental Law.

(d) Except where failure to do so could not reasonably be expected to have a Material Adverse Effect, diligently pursue and use reasonable best efforts to cause any person with a material indemnity, contribution or other obligation to any of the Companies in an aggregate amount in excess of \$2,500,000 relating to compliance with or liability under Environmental Law to satisfy such material obligations in full and in a timely manner; *provided, however*, that if the Loan Parties determine in their best business judgment that it is not financially prudent to pursue such indemnity, contribution or other obligation, they shall advise the Administrative Agent of such determination and shall obtain the Administrative Agent's written consent (which shall not be unreasonably withheld) not to pursue such indemnity, contribution or other obligation, as the case may be. To the extent that such person has not fully satisfied or is not diligently undertaking the necessary actions to achieve satisfaction of such material obligations, the Companies shall promptly undertake all action necessary to achieve full and timely satisfaction of such material obligations.

Section 5.10 **Additional Collateral; Additional Guarantors.** (a) Subject to this Section 5.10, with respect to any property acquired after the Closing Date by any Loan Party that is intended to be subject to the Lien created by any of the Security Documents but is not so subject (but, in any event, excluding any Equity Interest of a Foreign Subsidiary not required to be pledged pursuant to the last sentence of Section 5.10(b)), promptly (and in any event within 20 Business Days after the acquisition thereof, unless extended by the Administrative Agent in writing in its sole discretion) (i) execute and deliver to the Administrative Agent and the Collateral Agent such amendments or supplements to the relevant Security Documents or such other documents as the Administrative Agent or the Collateral Agent shall deem necessary or advisable to grant to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, a Lien on such property subject to no Liens other than Permitted Liens, (ii) if reasonably requested by the Administrative Agent, deliver opinions of counsel to Borrower in form and substance, and from counsel, reasonably acceptable to the Administrative Agent, and (iii) take all actions necessary to cause such Lien to be duly perfected to the extent required by such Security Documents in accordance with all applicable Legal Requirements, including the filing of financing statements in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent. Notwithstanding anything to the contrary herein, the Loan Parties shall not have any obligation to perfect Liens on the Intellectual Property Collateral in any jurisdiction other than in the United States. Borrower and the other Loan Parties shall otherwise take such actions and execute and/or deliver to the Collateral Agent such documents as the Administrative Agent or the Collateral Agent shall require to confirm the validity, perfection and priority of the Lien of the Security Documents against such after-acquired properties.

(b) With respect to any person that is or becomes (A) a guarantor under the Second Lien Loan Documents or otherwise guarantees the payment and/or performance of all or any portion of the Indebtedness or obligations under or in respect of any or all of the Second Lien Loan Documents (each such person, a "**Second Lien Guarantor**") or (B) a wholly-owned Subsidiary of a Loan Party after the Closing Date, promptly (and in any event within (x) five Business Days after such person becomes a Second Lien Guarantor and (y) 20 Business Days after such person becomes a Subsidiary), in each case, unless extended by the Administrative Agent in writing in its sole discretion), (i) deliver to the Collateral Agent the certificates, if any, representing all of the Equity Interests of such Subsidiary, together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a

duly authorized officer of the holder(s) of such Equity Interests, and all intercompany notes owing from such Subsidiary to any Loan Party together with instruments of transfer executed and delivered in blank by a duly authorized officer of such Loan Party and (ii) cause such new Subsidiary (A) to execute a Joinder agreement to the Intercreditor Agreement and to execute a Joinder Agreement to become a Subsidiary Guarantor and a Pledgor, (B) deliver opinions of counsel to Borrower in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent, and (C) to take all actions necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent to cause the Lien created by the applicable Security Document to be duly perfected to the extent required by such Security Document in accordance with all applicable Legal Requirements, including the filing of financing statements (or equivalent registrations) in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent. Notwithstanding the foregoing, (1) the Equity Interests required to be delivered to the Collateral Agent pursuant to clause (i) of the preceding sentence shall not include any Equity Interests of a Foreign Subsidiary and (2) no Foreign Subsidiary shall be required to take the actions specified in clauses (i) or (ii) of the preceding sentence; *provided* that the exception contained in clause (1) shall not apply to (A) Voting Stock of any Subsidiary which is a first-tier controlled foreign corporation (as defined in Section 957(a) of the Code) representing 65% of the total voting power of all outstanding Voting Stock of such Subsidiary and (B) 100% of the Equity Interests not constituting Voting Stock of any such Subsidiary, except that any such Equity Interests constituting "stock entitled to vote" within the meaning of Treasury Regulation Section 1.956-2(c)(2) shall be treated as Voting Stock for purposes of this Section 5.10(b).

(c) With respect to any person that is or becomes a wholly-owned Subsidiary (other than a Foreign Subsidiary) of a Loan Party after the Closing Date, promptly (and in any event within 20 Business Days after such person becomes a Subsidiary), unless extended by the Administrative Agent in writing in its sole discretion) execute and deliver to the Collateral Agent (i) a counterpart to the Intercompany Note and (ii) if such Subsidiary is a Loan Party, an endorsement to the Intercompany Note (undated and endorsed in blank) in the form attached thereto, endorsed by such Subsidiary.

(d) Promptly grant to the Collateral Agent (and in any event within 30 Business Days of the acquisition thereof, unless extended by the Administrative Agent in writing in its sole discretion) a security interest in and Mortgage on each Real Property owned in fee by such Loan Party as is acquired by such Loan Party after the Closing Date and that, together with any improvements thereon, individually has a Fair Market Value of at least \$1,500,000 as additional security for the Secured Obligations and the Specified Hedging Agreement Obligations (unless the subject property is already mortgaged to a third party to the extent permitted by Section 6.02). Such Mortgages shall be granted pursuant to documentation reasonably satisfactory in form and substance to the Administrative Agent and the Collateral Agent and shall constitute valid and enforceable perfected first priority Liens subject only to Permitted Liens. The Mortgages or instruments related thereto shall be duly recorded or filed by the Administrative Agent in such manner and in such places as are required by applicable Legal Requirements to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent required to be granted pursuant to the Mortgages and all taxes, fees and other charges payable in connection therewith shall be paid in full by or on behalf of the applicable Loan Party. Such Loan Party shall otherwise take such actions and execute and/or deliver to the Collateral Agent such documents as the Administrative Agent or the Collateral Agent shall reasonably require to confirm the validity, enforceability, perfection and priority of the Lien of any existing Mortgage or new Mortgage against such after-acquired Real Property (including a Title Policy and a Survey (if then available)) and local counsel opinion (in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent) in respect of such Mortgage).

**Section 5.11 Security Interests; Further Assurances.** (a) Promptly, upon the reasonable request of the Administrative Agent or the Collateral Agent, at the Companies' expense,

execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise deemed by the Administrative Agent or the Collateral Agent reasonably necessary or desirable for the continued validity, enforceability, perfection and priority of the Liens on the Collateral covered thereby subject to no other Liens except Permitted Liens, or use commercially reasonable efforts to obtain any consents or waivers as may be necessary or appropriate in connection therewith.

(b) Deliver or cause to be delivered to the Administrative Agent and the Collateral Agent from time to time such other documentation, instruments, consents, authorizations, approvals and Orders in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent as the Administrative Agent and the Collateral Agent shall reasonably deem necessary or advisable to perfect or maintain the validity, enforceability, perfection and priority of the Liens on the Collateral pursuant to the Security Documents.

(c) Upon the exercise by the Administrative Agent, the Collateral Agent or any Lender of any power, right, privilege or remedy pursuant to any Loan Document which requires any consent, approval, registration, qualification or authorization of any Governmental Authority, execute and deliver all applications, certifications, instruments and other documents and papers that the Administrative Agent, the Collateral Agent or such Lender may reasonably require.

(d) If the Administrative Agent, the Collateral Agent or the Required Lenders determine that they are required by any Legal Requirements to have appraisals prepared in respect of the Real Property of any Loan Party constituting Collateral, Borrower shall provide to the Administrative Agent appraisals that satisfy the applicable requirements of the Real Estate Appraisal Reform Amendments of FIRREA and are otherwise in form and substance satisfactory to the Administrative Agent and the Collateral Agent.

(e) In furtherance of the foregoing in this Section 5.11 and Section 5.10, to the maximum extent permitted by applicable Legal Requirements, each Loan Party (A) authorizes each of the Collateral Agent and/or the Administrative Agent to execute any such documentation, consents, authorizations, approvals, Orders, applications, certifications, instruments and other documents and papers in such Loan Party's name and to file such agreements, instruments or other documents in any appropriate filing office, (B) authorizes each of the Collateral Agent and/or the Administrative Agent to file any financing statement (and/or equivalent registrations or filings) required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Loan Party, and (C) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Loan Party prior to the date hereof.

**Section 5.12 Information Regarding Collateral.** (A) Provide prior or simultaneous written notice of any proposed change (i) in any Loan Party's legal name, (ii) in the location of any Loan Party's chief executive office, (iii) in any Loan Party's organizational structure, (iv) in any Loan Party's Federal Taxpayer Identification Number or organizational identification number, if any, or (v) in any Loan Party's jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), in each case, to the Collateral Agent and the Administrative Agent (in the form of an Officers' Certificate), of its intention so to do, clearly describing such change and providing such other information in connection therewith as the Collateral Agent or the Administrative Agent may reasonably request and (B) prior to or simultaneously with any change described in clause (A) above, shall take all actions reasonably

satisfactory to the Collateral Agent to maintain the validity, enforceability, perfection and priority of the security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral, if applicable. Each Loan Party shall promptly provide the Collateral Agent with certified Organizational Documents reflecting any of the changes described in the preceding sentence. Concurrently with the delivery of financial statements pursuant to Section 5.01(a), deliver to the Administrative Agent and the Collateral Agent a Perfection Certificate Supplement.

Section 5.13 **Post-Closing Collateral Matters.** The Borrower shall, and shall cause each other Company to, execute and deliver the documents and complete the tasks set forth below in this Section 5.13, in each case within the time limits specified below (in each case, as may be extended from time to time by the Administrative Agent in its reasonable discretion, upon the written request by Borrower from time to time) and so long as the Borrower shall, and shall cause each other Company to, execute and deliver the documents and otherwise be in compliance with the requirements and obligations set forth in this Section 5.13 within the time limits specified below, notwithstanding anything else to the contrary contained herein, failure to otherwise comply with the requirements of this Agreement shall not constitute a Default or Event of Default:

(a) Real Property Collateral: Within 90 days of the Closing Date (or such later date as permitted by the Administrative Agent in its sole discretion):

(i) with respect to each Mortgage, a policy of title insurance (or marked up title insurance commitment having the effect of a policy of title insurance) insuring the Lien of such Mortgage as a valid first mortgage Lien on the Mortgaged Property and fixtures described therein in the amount equal to not less than 115% of the Fair Market Value of such Mortgaged Property and fixtures, which Fair Market Value as of the date of the most recently available audited financial statements, is set forth on Schedule 5.13(a), which policy (or such marked-up commitment) (each, a “**Title Policy**”) shall (A) be issued by the Title Company, (B) to the extent necessary, include such reinsurance arrangements (with provisions for direct access, if necessary) as shall be acceptable to the Collateral Agent, (C) contain a “tie-in” or “cluster” endorsement, if available under applicable Legal Requirements (*i.e.*, policies which insure against losses regardless of location or allocated value of the insured property up to a stated maximum coverage amount), (D) have been supplemented by such endorsements (or where such endorsements are not available or are not available at commercially reasonable rates (as determined in Administrative Agent’s reasonable discretion), opinions of special counsel, architects or other professionals that are customary to obtain (as determined in Administrative Agent’s reasonable discretion) and that are reasonably acceptable to the Collateral Agent) as shall be reasonably requested by the Collateral Agent (including endorsements on matters relating to usury, first loss, last dollar, zoning, contiguity, revolving credit, doing business, non-imputation, public road access, survey, variable rate, environmental lien, subdivision, separate tax lot, revolving credit, and so-called comprehensive coverage over covenants and restrictions), and (E) contain no exceptions to title other than exceptions reasonably acceptable to the Collateral Agent;

(ii) with respect to each Mortgaged Property, such affidavits, certificates, information (including financial data) and instruments of indemnification (including a so-called “gap” indemnification) as shall be required to induce the Title Company to issue the Title Policy/ies and endorsements contemplated above;

(iii) evidence reasonably acceptable to the Collateral Agent of payment by Borrower of all Title Policy premiums, search and examination charges, escrow charges and related charges, mortgage recording taxes, fees, charges, costs and expenses required for the recording of the Mortgages and issuance of the Title Policies referred to above; and

(iv) Surveys (if available or required in connection with any Mortgage or Title policy) with respect to each Mortgaged Property.

(b) **Control Accounts:** Within 90 days of the Closing Date (or such later date as permitted by the Administrative Agent in its sole discretion):

(i) take all steps as shall be necessary to comply with Section 5.15; and

(ii) take all steps necessary to grant to the Administrative Agent for the benefit of the Lenders a first priority perfected security interest in all deposit and securities accounts to the extent required under the Security Agreement.

(c) **Release Documentation (Existing Debt).** Within 10 Business Days of the Closing Date, cause to be delivered to the Administrative Agent properly executed mortgage releases, releases of assignments of leases and rents and releases of security interests in Intellectual Property, in each case in proper form for recording or filing, to release and terminate of record the Liens securing the Existing Debt, in form and substance reasonably satisfactory to the Administrative Agent.

Section 5.14 **Maintenance of Ratings.** Use commercially reasonable efforts to cause the Loans and Borrower's corporate credit to continue to be rated by Standard & Poor's Ratings Group and Moody's Investors Service Inc. (but not to maintain a specific rating).

Section 5.15 **Bank Accounts.** The Loan Parties will take all such steps as shall be necessary to grant to the Administrative Agent for the benefit of the Lenders a first priority perfected security interest in all funds which may be in each such Operating Account from time to time, other than (a) Operating Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Loan Party's salaried employees, (b) except to the extent permitted by the following clause (c), Operating Accounts with balances not in excess of \$100,000 at any time in any individual account or \$200,000 in the aggregate at any time for all such accounts and (c) Operating Accounts with balances not in excess of \$400,000 at any time for a period no longer than 60 days from the creation of such Operating Account or such longer period of time as may be agreed to by the Administrative Agent in writing. The Collateral Agent's rights with respect to each Operating Account subject to a Control Agreement shall be governed by such Control Agreement.

## ARTICLE VI.

### **NEGATIVE COVENANTS**

Each Loan Party warrants, covenants and agrees with the Administrative Agent, the Collateral Agent, the Swing Line Lender, the Issuing Bank and each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest and premium (if any) on each Loan, all Fees and all other expenses or amounts payable under any Loan Document have been paid in full and all Letters of Credit have been canceled or have expired or have been Cash Collateralized and all amounts drawn thereunder have been reimbursed in full, no Loan Party will, nor will they cause or permit any Subsidiaries to:

Section 6.01 **Indebtedness and Issuance of Preferred Stock.** Incur, create, assume or permit to exist, directly or indirectly, any Indebtedness, except:

(a) Indebtedness incurred under this Agreement and the other Loan Documents;

(b) Indebtedness outstanding on the Closing Date and listed on Schedule 6.01(b);



(c) Indebtedness constituting Hedging Obligations under Permitted Hedging Agreements, in each case entered into in the ordinary course of business and not for speculative purposes or taking a “market view”;

(d) Indebtedness permitted by Section 6.04 (other than pursuant to Section 6.04(s));

(e) Indebtedness of Borrower and its Subsidiaries (i) in respect of Purchase Money Obligations and Capital Lease Obligations (other than in connection with a Sale and Leaseback Transaction) in an aggregate amount not to exceed \$10,000,000 at any time outstanding and (ii) in respect of Capital Lease Obligations and Synthetic Lease Obligations that are in the nature of Sale and Leaseback Transactions to the extent permitted pursuant to Section 6.03;

(f) Indebtedness of any person that becomes a Subsidiary on or after the date hereof in an aggregate principal amount not to exceed \$10,000,000 at any time outstanding for all such Subsidiaries; *provided* that such Indebtedness (i) exists at the time such person becomes a Subsidiary, (ii) is not created in anticipation or contemplation of such person becoming a Subsidiary and (iii) is not directly or indirectly recourse to any of the Companies or any of their respective assets, other than to the person that becomes a Subsidiary;

(g) Indebtedness in respect of workers’ compensation claims, self-insurance obligations, bankers’ acceptances or bid, performance or surety bonds issued for the account of any Company, in each case in the ordinary course of business, including guarantees or obligations of any Company with respect to letters of credit supporting such bid, performance or surety obligations (in each case other than for an obligation for money borrowed);

(h) so long as such Indebtedness remains subject to the terms of the Intercreditor Agreement, Indebtedness under the Second Lien Term Loans in an aggregate principal amount not to exceed the Second Lien Cap Amount (as defined in the Intercreditor Agreement) at any time outstanding;

(i) Indebtedness of (i) a Subsidiary of Borrower that is not a Subsidiary Guarantor with respect to any Indebtedness of any other Subsidiary of Borrower that is not a Subsidiary Guarantor permitted under Section 6.01, and (ii) any Loan Party with respect to any Indebtedness of any Company that is not a Subsidiary Guarantor in an aggregate amount not to exceed \$1,000,000 at any time outstanding;

(j) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of incurrence;

(k) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(l) (x) other Indebtedness of any Company in an aggregate principal amount for all Companies not to exceed \$5,000,000 at any time outstanding, (y) other subordinated and unsecured Indebtedness of any Company in an aggregate principal amount for all Companies not to exceed \$25,000,000 at any time outstanding, provided that (A) no Default or Event of Default exists or shall result from the incurrence therefrom, (B) such Indebtedness will not mature or require any payment of principal, in each case, prior to the date which is 91 days following the Latest Maturity Date, (C) Borrower shall be in compliance on a Pro Forma Basis with all covenants set forth in Sections 6.10(a) and (b) as of the most recent Test Period (assuming, for purposes of Sections 6.10(a) and (b), that such transaction and series of related transactions had occurred on the first day of such relevant Test Period)

and (z) unsecured trade payables not more than 180 days past due and other current liabilities of the Borrower or its Subsidiaries incurred in the ordinary course of business not constituting (i) Indebtedness for borrowed money or Contingent Obligations with respect thereto, or (ii) the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services;

(m) unsecured Indebtedness arising from agreements of any Company providing for indemnification or purchase price or similar adjustment obligations, in each case, incurred in connection with Investments, Permitted Acquisitions, or Dispositions, that is permitted by the terms of this Agreement, of a business, asset or Subsidiary of Borrower or a Subsidiary Guarantor in an aggregate amount not to exceed \$15,000,000 at any time outstanding, other than Contingent Obligations with respect to Indebtedness incurred by any person acquiring all or any portion of such business, assets or a Subsidiary;

(n) Indebtedness in connection with the financing of insurance premiums, in the ordinary course of business, in respect of unearned premiums payable on certain insurance policies maintained by Borrower or any Subsidiary;

(o) Indebtedness constituting amounts payable under the Management Agreement in excess of amounts permitted to be paid under this Agreement so long as such Indebtedness is subject to the Management Fee Subordination Agreement and is (i) expressly subordinated to the prior payment in full in cash of all Indebtedness under the Loan Documents, (ii) will not mature or otherwise become payable prior to 91-days following the Latest Maturity Date, (iii) has no scheduled amortization of principal or required mandatory pre-payment or redemption of principal prior to 91-days following the Latest Maturity Date, (iv) does not require any payments of interest or other amounts prior to 91-days following the Latest Maturity Date, (v) contains covenants, events of default or other material terms, taken as a whole, that are not materially more restrictive to any Company than those set forth in this Agreement, taken as a whole, and (vi) is not secured by a Lien;

(p) Indebtedness of any Company owed to another Company, so long as (i) to the extent such Indebtedness is owed to a Loan Party, (A) it is represented by a note and (B) the right to receive payment thereunder is expressly assigned to the Secured Parties and (ii) such Indebtedness is (A) expressly subordinated to the prior payment in full in cash of all Indebtedness under the Loan Documents, (B) will not mature or otherwise become payable prior to 91-days following the Latest Maturity Date, (C) has no scheduled amortization of principal or required mandatory pre-payment or redemption of principal prior to 91-days following the Latest Maturity Date, (D) does not require any payments of interest or other amounts prior to 91-days following the Latest Maturity Date, (E) contains covenants, events of default or other material terms, taken as a whole, that are not materially more restrictive to any Company than those set forth in this Agreement, taken as a whole, and (F) is not secured by a Lien;

(q) Indebtedness which represents a refinancing or renewal of any of the Indebtedness described in clauses (b), (e), (f), (h) and (l); *provided* that (A) any such refinancing Indebtedness is in an aggregate principal amount (or aggregate amount, as applicable) not greater than the aggregate principal amount (or aggregate amount, as applicable) of the Indebtedness being renewed or refinanced, *plus* the amount of any reasonable premiums required to be paid thereon and reasonable fees and expenses associated therewith, (B) such refinancing Indebtedness has a later or equal final maturity and longer or equal weighted average life to maturity than the Indebtedness being renewed or refinanced, the covenants, events of default, subordination (including lien subordination) and other terms, conditions and provisions thereof (including any guarantees thereof or security documents in respect thereof) shall be, in the aggregate, not materially less favorable to the Administrative Agent, the Collateral Agent and the Lenders than those contained in the Indebtedness being renewed or refinanced, no Event of Default

has occurred and is continuing or would result therefrom and (E) in the case of any refinancing of Indebtedness described in clause (h) of this Section 6.01, such refinancing is otherwise permitted by the Intercreditor Agreement;

(r) Indebtedness which represents Credit Agreement Refinancing Indebtedness, Credit Agreement Refinancing Indebtedness (as defined in the Second Lien Credit Agreement) or Permitted Unsecured Refinancing Debt;

(s) Indebtedness in respect of judgments or awards not resulting in an Event of Default under Section 8.01 hereof;

(t) Contingent Obligations of any Company in respect of Indebtedness otherwise permitted under this Section 6.01;

(u) Indebtedness representing deferred compensation to employees of the Borrower and its Subsidiaries incurred in the ordinary course of business;

(v) Indebtedness in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies, and liabilities under employee benefit plans, including pension plans, not overdue by more than 60 days or which are being contested in good faith and by appropriate proceedings diligently conducted if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(w) Indebtedness arising subsequent to the Closing Date under any travel and entertainment card program established to enable headquarters and field staff of any Loan Party to make payments for expenses incurred related to travel and entertainment, provided that the aggregate amount of such Indebtedness shall not exceed \$550,000; and

(x) Indebtedness incurred in the ordinary course of business in respect of obligations of the Borrower or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services.

Section 6.02 **Liens**. Create, incur, assume or permit to exist, directly or indirectly, any Lien on any property now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, the **"Permitted Liens"**):

(a) inchoate Liens for taxes, assessments or governmental charges or levies not overdue by more than 60 days and Liens for taxes, assessments or governmental charges or levies, which are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP;

(b) Liens in respect of property of any Company imposed by law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's, landlords', workmen's, suppliers', repairmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business, and which, if they secure obligations that are then due and unpaid, are either not overdue by more than 60 days or are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP;

(c) any Lien in existence on the Closing Date and set forth on Schedule 6.02(c) and any Lien granted as a renewal, replacement, refinancing, extension or substitute therefor; *provided* that any such replacement or substitute Lien (i) except as permitted by Section 6.01(m), does not secure an

aggregate amount of Indebtedness or other obligations, if any, greater than that secured on the Closing Date and (ii) does not encumber any property other than the property subject thereto on the Closing Date (any such Lien, an “Existing Lien”);

(d) easements, rights-of-way, restrictions (including zoning restrictions), covenants, licenses, encroachments, protrusions, servitudes and other similar charges or encumbrances, and minor title deficiencies, in each case, on or with respect to any Real Property, whether now or hereafter in existence, not (i) securing Indebtedness, or (ii) individually or in the aggregate materially interfering with the ordinary conduct of the business of the Companies at or otherwise with respect to such Real Property;

(e) Liens to the extent (i) arising out of judgments, attachments or awards not constituting an Event of Default and (ii) constituting the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding;

(f) Liens (other than any Lien imposed by ERISA) (x) imposed by law or deposits made in connection therewith in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security or retirement benefits legislation or similar law or regulations, (y) incurred in the ordinary course of business to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (in each case, exclusive of obligations for the payment of Indebtedness) or (z) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers; *provided* that (i) with respect to clauses (x), (y) and (z) of this Section 6.02(f), such Liens are for amounts not yet due and payable or delinquent or, to the extent such amounts are so due and payable, such amounts are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP and (ii) to the extent such Liens are not imposed by Legal Requirements, such Liens shall in no event encumber any property other than cash and Cash Equivalents;

(g) Leases of the properties of any Company, in each case entered into in the ordinary course of such Company’s business so long as such Leases do not, individually or in the aggregate, interfere in any material respect with the ordinary conduct of the business of any Company;

(h) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by any Company in the ordinary course of business in accordance with the past practices of such Company;

(i) Liens securing Indebtedness incurred pursuant to Section 6.01(e) and refinancings thereof permitted by Section 6.01(g), *provided* that (i) any such Liens attach only to the property being financed pursuant to such Indebtedness and (ii) do not encumber any other property of any Company;

(j) Liens under the Second Lien Loan Documents securing Indebtedness permitted pursuant to Section 6.01(h) and refinancings thereof permitted by Section 6.01(q); *provided* that such Liens are subordinated to the Liens securing the Obligations in accordance with, or otherwise subject to, the terms of the Intercreditor Agreement;

(k) Liens securing Credit Agreement Refinancing Indebtedness incurred pursuant to Section 6.01(r) and Credit Agreement Refinancing Indebtedness (as defined in the Second Lien Credit Agreement) incurred pursuant to Section 6.01(r) of the Second Lien Credit Agreement;

(l) Liens on property rented to, or leased by, any Company pursuant to a Sale and Leaseback Transaction; *provided* that (i) such Sale and Leaseback Transaction is permitted by Section 6.03, (ii) such Liens do not encumber any other property of any Company, and (iii) such Liens secure only the Attributable Indebtedness incurred in connection with such Sale and Leaseback Transaction;

(m) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Company, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements; *provided* that, unless such Liens are non-consensual and arise by operation of applicable Legal Requirements, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness;

(n) Liens on property of a person existing at the time such person is acquired or merged with or into or consolidated with any Company to the extent permitted hereunder and any refinancings thereof permitted by Section 6.01(q); *provided* that, in connection with any refinancing, such Liens (i) do not extend to property not subject to such Liens at the time of such acquisition, merger or consolidation (other than improvements thereon), (ii) are no more favorable to the lienholders than such existing Liens and (iii) are not created in anticipation or contemplation of such acquisition, merger or consolidation;

(o) Liens granted pursuant to the Security Documents to secure the Secured Obligations and the Specified Hedging Agreement Obligations;

(p) licenses (including licenses of Intellectual Property) granted by any Company in the ordinary course of business and not interfering in any material respect with the ordinary conduct of business of the Companies;

(q) the filing of UCC financing statements solely as a precautionary measure in connection with operating leases or consignment of goods;

(r) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC covering only the items being collected upon;

(s) Liens granted by a Company in favor of a Loan Party in respect of Indebtedness owed by such Company to such Loan Party; *provided* that such Indebtedness is (i) evidenced by the Intercompany Note and (ii) pledged by such Loan Party as Collateral pursuant to the Security Documents;

(t) any right, title and interest of the landlord under any lease pursuant to which a Company has a leasehold interest in any property or assets and any liens that have been placed by such landlord on property over which any Company has any real property interest provided that any Indebtedness or other liabilities or obligations with respect thereto shall not exceed an aggregate amount of \$1,000,000 (not including any ordinary course Real Property lease payments to the extent not then overdue) at any time outstanding;

(u) Liens to secure obligations in an aggregate amount of obligations in respect of the financing of prepaid insurance, which Liens cover only the right to recover prepaid insurance not yet earned;

(v) options, put and call arrangements, rights of first refusal and similar rights relating to Permitted Investments in joint ventures, partnerships and the like and encumbrances or restrictions (including put and call agreements) with respect to the Capital Stock of any joint venture;

(w) Liens on any cash earnest money deposits made by any Company in connection with any letter of intent or purchase agreement with respect to a Permitted Acquisition or Asset Sale (which for the avoidance of doubt may include any proposed merger, asset or stock purchase agreement) and not to exceed 10% of the aggregate purchase price with respect thereto;

(x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(y) Liens in the nature of the right of setoff in favor of counterparties to contractual agreements with any Company arising in the ordinary course of business and not constituting Indebtedness for borrowed money or Contingent Obligations with respect thereto; and

(z) other Liens securing Indebtedness or other obligations of the Borrower or any of its subsidiaries in an aggregate principal amount not to exceed \$5,000,000 at any time outstanding.

Section 6.03 **Sale and Leaseback Transactions**. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a “**Sale and Leaseback Transaction**”) unless (i) the sale of such property is made for cash consideration in an amount not less than the Fair Market Value of such property, (ii) the Sale and Leaseback Transaction is permitted by Section 6.06 and is consummated within 60 days after the date on which such property is sold or transferred, (iii) any Liens arising in connection with its use of the property are permitted by Section 6.02(i) and (iv) the Sale and Leaseback Transaction would be permitted under Section 6.02, assuming the Attributable Indebtedness with respect to the Sale and Leaseback Transaction constituted Indebtedness under Section 6.01.

Section 6.04 **Investments, Loans and Advances**. Directly or indirectly, lend money or credit (by way of guarantee, assumption of debt or otherwise) or make advances to any person, or purchase or acquire any stock, bonds, notes, debentures or other obligations or securities of, or any other interest in, or make any capital contribution to, any other person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract (all of the foregoing, collectively, “**Investments**”), except that the following shall be permitted:

(a) the Companies may consummate the Transactions in accordance with the provisions of the Transaction Documents;

(b) Investments outstanding on the Closing Date and identified on Schedule 6.04(b);

(c) the Companies may (i) acquire and hold accounts receivables owing to any of them if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary terms, (ii) invest in, acquire and hold cash and Cash Equivalents, (iii) endorse negotiable instruments held for collection in the ordinary course of business or (iv) make lease, utility and other similar deposits in the ordinary course of business;

(d) Hedging Obligations permitted pursuant to Section 6.01(c);

(e) loans and advances to directors, employees and officers of Borrower and the Subsidiaries for *bona fide* business purposes and to purchase Equity Interests of Parent, in aggregate amount not to exceed \$1,000,000 at any time outstanding (calculated without regard to write-downs or write-offs thereof); *provided that*, following an IPO of any Company, no loans in violation of Section 402 of the Sarbanes-Oxley Act shall be permitted hereunder;

(f) Investments by (i) Borrower in any Subsidiary Guarantor, (ii) any Company in Borrower or any Subsidiary Guarantor, (iii) a Subsidiary of Borrower that is not a Subsidiary Guarantor in any other Subsidiary of Borrower that is not a Subsidiary Guarantor, (iv) any Company in any Person, if as an immediate result of such Investment, such Person becomes a Subsidiary Guarantor or such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Borrower or a Subsidiary Guarantor and (v) any Loan Party in a Company that is not a Subsidiary Guarantor in an aggregate amount not to exceed \$2,000,000 at any time outstanding; *provided that* any Investment in the form of a loan or advance shall be evidenced by the Intercompany Note and, in the case of a loan or advance by a Loan Party, pledged by such Loan Party as Collateral pursuant to the Security Documents;

(g) Investments in securities of trade creditors or customers in the ordinary course of business and consistent with such Company's past practices that are received in settlement of *bona fide* disputes or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(h) mergers and consolidations in compliance with Section 6.05;

(i) Investments made by Borrower or any Subsidiary as a result of consideration received in connection with an Asset Sale made in compliance with Sections 6.06(a), (b), (c), (d), (e), (f), (g), (h) and (i);

(j) Acquisitions of property in compliance with Section 6.07 (other than Section 6.07(a));

(k) Dividends in compliance with Section 6.08;

(l) Investments of any person that becomes a Subsidiary on or after the date hereof existing on the date such person becomes a Subsidiary; *provided that* (i) such Investments exist at the time such person is acquired, (ii) such Investments are not made in anticipation or contemplation of such person becoming a Subsidiary, and (iii) such Investments are not directly or indirectly recourse to any of the Companies or any of their respective assets, other than to the person that becomes a Subsidiary;

(m) other Investments in an aggregate amount not to exceed \$10,000,000 at any time outstanding;

(n) unsecured intercompany loans, by any Company to Parent evidenced by the Intercompany Note for purposes and in amounts that would otherwise be permitted to be made as Dividends to Parent pursuant to Sections 6.08(b) and (c); *provided that* the principal amount of any such loans shall reduce Dollar-for-Dollar the amounts that would otherwise be permitted to be paid for such purpose in the form of Dividends pursuant to such Section;

(o) endorsements of negotiable instruments and documents in the ordinary course of business;

(p) pledges or deposits permitted under Section 6.02;

(q) payroll, travel and similar employee advances of the Borrower and its Subsidiaries to cover matters that are expected at the time of such advances ultimately to be treated as expenses of the Borrower and its Subsidiaries for accounting purposes and that are made in the ordinary course of business;

(r) non-cash consideration, to the extent permitted under this Agreement, received from any sale, lease or other Disposition permitted under Section 6.06;

(s) Contingent Obligations of (i) Borrower with respect to any Indebtedness of any Subsidiary Guarantor permitted under Section 6.01, (ii) any Company with respect to any Indebtedness of any Borrower or any Subsidiary Guarantor permitted under Section 6.01, (iii) a Subsidiary of Borrower that is not a Subsidiary Guarantor with respect to any Indebtedness of any other Subsidiary of Borrower that is not a Subsidiary Guarantor permitted under Section 6.01, and (iv) any Loan Party with respect to any Indebtedness of any Company that is not a Subsidiary Guarantor in an aggregate amount (together with all Investments then outstanding pursuant to Section 6.04(f)(v) and Section 6.02(t)) not to exceed \$1,000,000 at any time outstanding;

(t) so long as no Default or Event of Default has occurred and is continuing or would immediately result therefrom, repurchase Second Lien Term Loans to the extent (and only to the extent) permitted by Section 2.10(l) with respect to the aggregate amount of any mandatory prepayment of the Term Loans that has been waived in accordance with Section 2.10(l);

(u) Investments consisting of Contingent Obligations of any Company with respect to obligations arising under Real Property leases of Restaurants for Restaurants that have been sold to a franchisee and, if such Restaurant sale is consummated after the Closing Date, such sale is permitted by the terms of this Agreement; and

(v) other Investments in an aggregate amount at any time outstanding not to exceed the Available Amount; *provided* that (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b).

Section 6.05 **Mergers and Consolidations**. Wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, except that the following shall be permitted:

(a) the Transactions as contemplated by, and in compliance with, the Transaction Documents;

(b) dispositions of assets in compliance with Section 6.06 (other than Section 6.06(e) and Section 6.06(f));

(c) Permitted Acquisitions by the Borrower or any of its Subsidiaries;

(d) (i) any solvent Company (other than Parent or Borrower) may merge or consolidate with or into Borrower or any Subsidiary Guarantor (as long as Borrower or a Subsidiary Guarantor is the surviving person in such merger or consolidation and, in the case of any Subsidiary Guarantor, remains a domestic Wholly Owned Subsidiary of Borrower); *provided* that the Lien on and security interest in such property granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained or created in accordance with the provisions of Section 5.10 or Section 5.11, as applicable and (ii) any solvent Company (other than a Loan Party) may merge or consolidate with or into another Company (other than a Loan Party); and

(e) any Subsidiary may dissolve, liquidate or wind up its affairs at any time if such dissolution, liquidation or winding up is not disadvantageous to any Agent or Lender in any material respect.



To the extent the requisite Lenders under Section 11.02(b) waive the provisions of this Section 6.05 with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 6.05, such Collateral (unless sold to a Company or any Affiliate thereof), but not the proceeds thereof, shall be sold free and clear of the Liens created by the Security Documents, and, so long as Borrower shall have previously provided to the Collateral Agent and the Administrative Agent such certifications or documents as the Collateral Agent and/or the Administrative Agent shall reasonably request in order to demonstrate compliance with this Section 6.05, the Collateral Agent shall take all actions it deems appropriate in order to effect the foregoing.

Section 6.06 **Asset Sales**. Effect any disposition of any property, except that the following shall be permitted:

(a) dispositions of obsolete, worn-out, surplus or no longer useful property by Borrower or any of its Subsidiaries in the ordinary course of business and the abandonment or other disposition of Intellectual Property that is, in the reasonable good faith judgment of Borrower, no longer economically practicable to maintain or useful in the conduct of the business of the Companies taken as a whole;

(b) other dispositions of property (other than Synthetic Leases and Sale and Leaseback Transactions); *provided* that (i) the aggregate consideration received in respect of all dispositions of property pursuant to this clause (b) shall not exceed \$5,000,000 in any four consecutive fiscal quarters of the Borrower, (ii) such dispositions of property are made for Fair Market Value and on an arms-length commercial basis, and (iii) at least 75% of the consideration payable in respect of such disposition of property is in the form of cash or Cash Equivalents;

(c) leases (and sub-leases) and licenses (and sub-licenses) of real or personal property (other than Synthetic Leases, Sale and Leaseback Transactions and leases and licenses of Intellectual Property) in the ordinary course of business and in accordance with the applicable Security Documents;

(d) the Transactions as contemplated by, and in compliance with, the Transaction Documents;

(e) Investments in compliance with Section 6.04;

(f) mergers and consolidations in compliance with Section 6.05;

(g) Dividends in compliance with Section 6.08;

(h) sales of inventory in the ordinary course of business and dispositions of cash and Cash Equivalents in the ordinary course of business;

(i) any disposition of property that constitutes a Casualty Event;

(j) any disposition of property by any Subsidiary of Borrower to Borrower or any of its Wholly Owned Subsidiaries; *provided* that if the transferor of such property is a Guarantor, the transferee thereof must be Borrower or a Subsidiary Guarantor;

(k) licensing or sublicensing by the Company of the “El Pollo Loco” mark (and other Intellectual Property) on a non-exclusive basis in the ordinary course of its franchising business; *provided* that such disposition is made for Fair Market Value and on an arms-length commercial basis;

(l) sale of any Restaurant to a franchisee; *provided* that (i) such dispositions of property are made for Fair Market Value and on an arms-length commercial basis, provided that after the total consideration for all such sales exceeds \$20,000,000, such dispositions of property shall be for the greater of (x) Fair Market Value and (y) five (5) times the “EBITDA” of such Restaurant for the twelve consecutive fiscal months then last ended, (ii) at least 75% of the consideration payable in respect of such disposition of property is in the form of cash or Cash Equivalents and (iii) total consideration for all such sales may not exceed \$75,000,000;

(m) Sale and Leaseback Transactions in compliance with Section 6.03;

(n) dispositions of equipment or real property, for fair market value, to the extent that such property is exchanged for credit against the purchase price of similar replacement property;

(o) sales, transfers and other Dispositions of accounts receivable or other rights to payment in connection with the compromise, settlement or collection thereof in the ordinary course of business and not in connection with any financing transaction; and

(p) any trade-in of equipment or other property in exchange for other equipment or other replacement Property.

To the extent the requisite Lenders under Section 11.02(b) waive the provisions of this Section 6.06, with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 6.06, such Collateral (unless sold to a Company or any Affiliate thereof), but not the proceeds thereof, shall be sold free and clear of the Liens created by the Security Documents, and, so long as Borrower shall have previously provided to the Collateral Agent and the Administrative Agent such certifications or documents as the Collateral Agent and/or the Administrative Agent shall reasonably request in order to demonstrate compliance with this Section 6.06, the Collateral Agent shall take all actions it deems appropriate in order to effect the foregoing.

**Section 6.07 Acquisitions.** Purchase or otherwise acquire (in one or a series of related transactions) any part of the property of any person (or agree to do any of the foregoing at any time), except that the following shall be permitted:

(a) Investments in compliance with Section 6.04;

(b) Capital Expenditures by Borrower and the Subsidiaries pursuant to Section 6.10(c) shall be permitted (i) in an aggregate amount at any time outstanding not to exceed the Available Amount; *provided* that (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b) and (ii) to the extent permitted by Section 6.10(c);

(c) purchases and other acquisitions of inventory, materials, equipment, intangible property and other goods and services, in each case, in the ordinary course of business;

(d) leases, subleases, licenses or sublicenses of real or personal property in the ordinary course of business and in accordance with this Agreement and the applicable Security Documents;

(e) the Transactions as contemplated by, and in compliance with, the Transaction Documents;

(f) Permitted Acquisitions;

(g) mergers and consolidations in compliance with Section 6.05;

(h) Dividends in compliance with Section 6.08; and

(i) Sale and Leaseback Transactions in compliance with Section 6.03;

*provided* that the Lien on and security interest in such property granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained or created in accordance with the provisions of Section 5.10 or Section 5.11, as applicable.

**Section 6.08 Dividends.** Authorize, declare or pay, directly or indirectly, any Dividends with respect to any Company (including pursuant to any Synthetic Purchase Agreement) or incur any obligation to do so, except that the following shall be permitted:

(a) each Subsidiary (other than the Borrower) may pay Dividends to the Borrower, the Subsidiary Guarantors and any other Person that owns any Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Dividend payment is being made;

(b) payments to Parent to permit Parent, and the substantially concurrent use of such payments by Parent, to repurchase or redeem Qualified Capital Stock of Parent held by officers, directors or employees or former officers, directors or employees (or their transferees, estates or beneficiaries under their estates) of any Company, upon their death, disability, retirement, severance or termination of employment or service and payment of taxes with respect thereto; *provided* that the aggregate amount of all such payments to Parent shall not exceed, during any fiscal year of the Borrower, \$1,000,000 (with any unused amounts in any such fiscal year being carried over to the next succeeding fiscal year);

(c) the Permitted Parent Payments;

(d) each Company may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person to its existing equity holders and the Parent 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;

(e) so long as no Default or Event of Default exists or would result therefrom, the Borrower may make, directly or indirectly, non-cash repurchases of Equity Interests deemed to occur in connection with the exercise of stock options by directors, officers and management, including without limitation deemed redemptions arising as a result of the payment of withholding taxes; *provided* that such Equity Interests represent a portion of the consideration delivered in connection with the payment of the exercise price of such options;

(f) each Company may redeem, repurchase or otherwise acquire Equity Interests of any Subsidiary that is not a wholly-owned Subsidiary from any holder of Equity Interests in such Subsidiary, so long as, after giving effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom and provided that the aggregate amount of such redemptions, repurchases or other acquisitions shall not exceed \$500,000 in any 12 consecutive month period;

(g) so long as no Default or Event of Default has occurred, is continuing or would result therefrom, Dividends not exceeding \$2,500,000 in any fiscal year pursuant to and in accordance with stock option plans, employment agreements, incentive plans or other similar benefit plans approved by the Borrower's Board of Directors;

(h) so long as no Default or Event of Default has occurred, is continuing or would result therefrom, other Dividends in an aggregate amount not to exceed \$5,000,000;

(i) other Dividends in an aggregate amount at any time outstanding not to exceed the Available Amount; *provided* that (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b); and

(j) after the occurrence of an IPO, (i) any Dividend by a Borrower or any other direct or indirect parent of Borrower to pay listing fees and other costs and expenses attributable to being a publicly traded company, and (ii) Dividends of up to 6.00% per annum of the net proceeds received by (or contributed to) Borrower and its Subsidiaries from such IPO.

*provided* that the amount of Dividends that may be made for a particular purpose pursuant to Sections 6.08(b)-(c) shall be reduced Dollar-for-Dollar by the amount of any such payments made for such purpose in the form of an intercompany loan by Borrower or one of its Subsidiaries to Parent pursuant to Section 6.04(n).

Section 6.09 **Transactions with Affiliates**. Enter into, directly or indirectly, any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of any Company (other than between or among Borrower and one or more Subsidiary Guarantors), other than on terms and conditions at least as favorable to such Company as would reasonably be obtained by such Company at that time in a comparable arm's-length transaction with a person other than an Affiliate, except that the following shall be permitted:

(a) Dividends permitted by Section 6.08;

(b) Investments permitted by Sections 6.04(e) and (f);

(c) reasonable and customary director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements and customary expense reimbursements, in each case approved by the Board of Directors of the applicable Company;

(d) the Transactions as contemplated by, and in accordance with, the Transaction Documents;

(e) loans and advances to employees made in the ordinary course of business;

(f) (i) Investments by Holdings in Qualified Capital Stock of Parent and (ii) Investments by Parent in Qualified Capital Stock of Borrower; and

(g) the payment of Permitted Parent Payments.

Section 6.10 **Financial Covenants.**

(a) **Maximum Total Leverage Ratio.** Permit the Total Leverage Ratio, as of the last day of any Test Period set forth in the table below, to exceed the ratio set forth opposite such Test Period in the table below:

<b><u>Test Period End Date</u></b>	<b><u>Total Leverage Ratio</u></b>
December 25, 2013	7.50 to 1.00
March 26, 2014	7.50 to 1.00
June 25, 2014	7.50 to 1.00
September 24, 2014	7.50 to 1.00
December 31, 2014	7.25 to 1.00
March 25, 2015	7.25 to 1.00
June 24, 2015	7.00 to 1.00
September 30, 2015	7.00 to 1.00
December 30, 2015	6.75 to 1.00
March 30, 2016	6.75 to 1.00
June 29, 2016	6.25 to 1.00
September 28, 2016	6.25 to 1.00
December 28, 2016	6.00 to 1.00
March 29, 2017	6.00 to 1.00
June 28, 2017	5.75 to 1.00
September 27, 2017	5.55 to 1.00
December 27, 2017	5.50 to 1.00
March 28, 2018	5.35 to 1.00
June 27, 2018	5.25 to 1.00
September 26, 2018	5.15 to 1.00
December 26, 2018 or thereafter	5.00 to 1.00

(b) **Minimum Consolidated Interest Coverage Ratio.** Permit the Consolidated Interest Coverage Ratio, as of the last day of any Test Period set forth in the table below, to be less than the ratio set forth opposite such Test Period in the table below:

<b><u>Test Period End Date</u></b>	<b><u>Interest Coverage Ratio</u></b>
December 25, 2013	1.75 to 1.00
March 26, 2014	1.75 to 1.00
June 25, 2014	1.75 to 1.00
September 24, 2014	1.75 to 1.00
December 31, 2014	1.85 to 1.00
March 25, 2015	1.85 to 1.00
June 24, 2015	1.95 to 1.00
September 30, 2015	1.95 to 1.00
December 30, 2015	1.95 to 1.00
March 30, 2016 or thereafter	2.00 to 1.00

(c) **Limitation on Capital Expenditures.** Permit the aggregate amount of Capital Expenditures made in any Test Period set forth in the table below, to exceed the amount set forth opposite such Test Period in the table below (the “**Capital Expenditure Amount**”):

<b>Test Period End Date</b>	<b>Capital Expenditure Amount</b>
December 25, 2013	\$18,500,000
December 31, 2014	\$27,000,000
December 30, 2015	\$29,000,000
December 28, 2016	\$31,000,000
December 27, 2017	\$32,000,000
December 26, 2018	\$34,000,000
December 25, 2019 and thereafter	\$35,000,000, pro rated for the period through the Latest Maturity Date.

; *provided* that, at the Borrower’s option, (x) 100% of any unused portion of the Capital Expenditure Amount for any Test Period may be carried over to the subsequent Test Period and (y) any Capital Expenditure Amount for any Test Period may be increased by an amount not to exceed 50% of the Capital Expenditure Amount for the subsequent Test Period, with any such increased amount to reduce, on a dollar-for-dollar basis the Capital Expenditure Amount for such under such subsequent Test Period; *provided further* that Capital Expenditures made pursuant to Section 6.07(b)(i) may exceed (and shall not count against) the Capital Expenditure Amount.

**Section 6.11 Prepayments of Other Indebtedness; Modifications of Organizational Documents, Acquisition and Certain Other Documents, etc.** Directly or indirectly:

(a) make any voluntary or optional payment or prepayment on, or repurchase, redemption or acquisition for value of, or any prepayment or redemption (whether as a result of any asset sale, change of control or similar event or otherwise) of, the principal amount of any Indebtedness outstanding under (i) any Second Lien Loan Documents or any Senior Unsecured Indebtedness, (ii) any Junior Indebtedness, or (iii) any Permitted Junior Refinancing Debt, *except* a payment, prepayment, repurchase, redemption or acquisition to the extent not prohibited by this Agreement, the Intercreditor Agreement or any other subordination terms applicable to any such Subordinated Indebtedness (including pursuant to a Refinancing) (x) utilizing the Available Amount; *provided* that (A) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (B) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b), (y) in connection with any Permitted Refinancing thereof utilizing Indebtedness permitted pursuant to Section 6.01(r) and (z) the making of (A) regularly scheduled interest payments on the Second Lien Obligations (and any Permitted Refinancing or increases thereof) to the extent not required to be applied under this Agreement and (B) mandatory prepayments of principal and interest on the Second Lien Obligations (and any Permitted Refinancing or increases thereof); *provided further* that, notwithstanding the foregoing, the proceeds of a consummated IPO, actually received by the Borrower, may be applied to prepay or refinance the Second Lien Term Loans in accordance with the terms of the Second Lien Loan Documents;

(b) waive, amend, modify, terminate or release any (x) of the Second Lien Loan Documents or (y) the documentation governing any Indebtedness outstanding under (i) any Senior Unsecured Indebtedness, (ii) any Junior Indebtedness, or (iii) any Permitted Junior Refinancing Debt, in each case, to the extent that any such waiver, amendment, modification, termination or release (A) is, or

could reasonably be expected to be adverse to the interests of any Agent or the Lenders under the Loan Documents in any material respect (it being understood that any waiver, amendment, modification, termination or release of the Second Lien Loan Documents shall not be deemed to be material and adverse to the interests of any Agent or the Lenders under the Loan Documents to the extent that it is expressly permitted by Section 5.3 of the Intercreditor Agreement) or (B) would violate Section 5.3 of the Intercreditor Agreement;

(c) terminate, amend, modify (including electing to treat any Pledged Interests (as defined in the Security Agreement) as a “security” under Section 8-103 of the UCC) or change any of its Organizational Documents (including by the filing or modification of any certificate of designation) or any agreement to which it is a party with respect to its Equity Interests (including any stockholders’ agreement), or enter into any new agreement with respect to its Equity Interests, other than any such amendments, modifications or changes or such new agreements which are not, and could not reasonably be expected to be, adverse in any material respect to the interests of any Agent or Lender.

Section 6.12 **Restrictions on Subsidiaries**. Directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance, restriction or condition on the ability of any Subsidiary to (i) pay Dividends or make any other distributions on its Equity Interests or any other interest or participation in its profits owned by any Loan Party, or pay any Indebtedness owed to any Loan Party, (ii) make loans or advances to any Loan Party or (iii) transfer any of its properties to any Loan Party, except for Permitted Liens and such encumbrances, restrictions or conditions existing under or by reason of:

(a) agreements as in effect on the Closing Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that such amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Closing Date (as determined in good faith by the Borrower);

(b) applicable mandatory Legal Requirements;

(c) (x) this Agreement and the other Loan Documents and (y) the Second Lien Credit Agreement and the Second Lien Loan Documents as in effect on the Closing Date;

(d) any agreement of a person acquired by Borrower or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such agreement was entered in connection with or in contemplation of such acquisition), which encumbrance, restriction or condition is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Agreement to be incurred;

(e) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of a Subsidiary;

(f) customary provisions restricting assignment of any agreement entered into by a Subsidiary in the ordinary course of business;

(g) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose customary restrictions on the property purchased or leased of the nature and which encumbrance, restriction or condition is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired or subject to such Capital Lease Obligation;

(h) any encumbrances or restrictions imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clauses (c)(y), (d) and (m) above; *provided* that such amendments or refinancings are not more materially restrictive with respect to such encumbrances and restrictions than those in effect immediately prior to such amendment or refinancing (as determined in good faith by Borrower);

(i) subject to the applicable provisions of applicable law (including, without limitation, the UCC), customary restrictions on the transfer of intellectual property right held by any Company or any of Subsidiary through license agreement with a non-Affiliate owner of intellectual property;

(j) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary or any assets pending such sale, *provided* that such restrictions and conditions apply only to the Subsidiary or assets that is or are to be sold and such sale is permitted hereunder;

(k) subject to the applicable provisions of applicable law (including, without limitation, the UCC and applicable state corporate law), customary provisions in partnership agreements and limited liability company organizational governance documents of Persons in which the Loan Parties hold less than a majority interest, that are in the nature of Permitted Investments that restrict the transfer of ownership interests in such partnership, limited liability company or similar person; and

(l) the foregoing shall not apply to restrictions and conditions in any Indebtedness permitted pursuant to Section 6.01 to the extent such restrictions or conditions, taken as a whole, are not materially more restrictive than the restrictions and conditions in the Loan Documents, taken as a whole.

**Section 6.13 Limitation on Issuance of Capital Stock.** (a) With respect to Parent, issue any Equity Interest that is Disqualified Capital Stock.

(b) With respect to Borrower or any Subsidiary, issue any Equity Interest (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, any Equity Interest, except (i) for stock splits, stock dividends and additional issuances of Equity Interests which do not decrease the percentage ownership of Borrower or any Subsidiaries in any class of the Equity Interests of such Subsidiary, (ii) Subsidiaries of Borrower formed or acquired after the Closing Date in accordance with Section 6.14 may issue Equity Interests to Borrower or the Wholly Owned Subsidiary of Borrower which is to own such Equity Interests, and (iii) Borrower may issue common stock to Parent. All Equity Interests issued in accordance with this Section 6.13(b) shall, to the extent required by Sections 5.10 and 5.11 or any Security Document, be delivered to the Collateral Agent for pledge pursuant to the applicable Security Document.

**Section 6.14 Limitation on Creation of Subsidiaries.** Establish, create or acquire any additional Subsidiaries without the prior written consent of the Required Lenders; *provided* that, without such consent, Borrower may (i) establish or create one or more Wholly Owned Subsidiaries, (ii) establish, create or acquire one or more Domestic Subsidiaries in connection with an Investment made pursuant to Section 6.04(f) and which (other than with respect to Section 6.04(f)(iii) and (y)) shall be Wholly Owned Subsidiaries or (iii) acquire one or more Domestic Subsidiaries in connection with a Permitted Acquisition or another Investment permitted hereunder, so long as, in each case, Sections 5.10 and 5.11 shall be complied with.



Section 6.15 **Business**. (a) With respect to Parent, engage in any business activities or have any properties or liabilities, other than as permitted under Section 6.21.

(b) With respect to Borrower and its Subsidiaries, engage (directly or indirectly) in any businesses other than those businesses in which Borrower and its Subsidiaries are engaged on the Closing Date (or which are substantially related thereto or are reasonable extensions thereof).

Section 6.16 **Limitation on Accounting Changes**. Make or permit, any material change in accounting policies or reporting practices, without the consent of the Required Lenders, which consent shall not be unreasonably withheld, except changes that are required by GAAP (subject in each case to the provisions of Section 1.04).

Section 6.17 **Fiscal Periods**. Change its fiscal year-end (a 52- or 53-week fiscal year) and fiscal quarter-ends to dates other than the last Wednesday of the applicable fiscal year or quarter end.

Section 6.18 **No Further Negative Pledge**. Enter into any agreement, instrument, deed or lease which prohibits or limits the ability of any Company to create, incur, assume or suffer to exist any Lien upon any of its properties or revenues, whether now owned or hereafter acquired, to secure the Obligations, except the following: (a) this Agreement, the other Loan Documents and the Second Lien Loan Documents; (b) covenants in documents (i) creating Liens permitted by Section 6.02 prohibiting further Liens (other than Liens permitted under Sections 6.02(j) and (o)) or (ii) related to secured Indebtedness permitted by Section 6.01 (but to the extent including covenants prohibiting further Liens such prohibitions shall not prohibit Liens permitted under Sections 6.02(j) and (o)), in each case, on the assets or property securing such Indebtedness; (c) any prohibition or limitation that (i) exists pursuant to applicable Legal Requirements, or (ii) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property pending the consummation of such sale; *provided* that such restrictions apply only to the property to be sold and such sale is permitted hereunder, and such sale is permitted hereunder, or (iii) restricts subletting or assignment of any lease governing a leasehold interest of Borrower or one of its Subsidiaries; (d) exists in any agreement in effect at the time such Subsidiary becomes a Subsidiary of Borrower, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary; (e) customary non-assignment provisions in customer contracts and licenses of (or any other grants of rights to use) Intellectual Property, in each case entered into in the ordinary course of business; (f) licenses or sublicenses of Intellectual Property by Borrower or their Subsidiaries in the ordinary course of business (in which case, any prohibition or limitation shall only be effective against the Intellectual Property subject thereto); (g) customary provisions in joint venture agreements with respect to permitted joint ventures; and (h) is imposed by any amendments that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in this Section 6.18; provided that such amendments are not materially more restrictive with respect to the prohibitions and limitations in such contracts, instruments or obligations as in effect prior to any such amendment (as determined in good faith by the Borrower);

Section 6.19 **Anti-Terrorism Law; Anti-Money Laundering**. (a) Directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in Section 3.21, (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law (and the Loan Parties shall deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming the Companies' compliance with this Section 6.15).

(b) Cause or permit any of the funds of such Loan Party that are used to repay the Credit Extensions to be derived from any unlawful activity with the result that the making of the Credit Extensions would be in violation of Legal Requirements.

Section 6.20 **Embargoed Person**. Cause or permit (a) any of the funds or properties of the Loan Parties that are used to repay the Loans or other Credit Extensions to constitute property of, or be beneficially owned directly or indirectly by, any person subject to sanctions or trade restrictions under United States law (“**Embargoed Person**” or “**Embargoed Persons**”) that is identified on (1) the “List of Specially Designated Nationals and Blocked Persons” maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including the International Emergency Economic Powers Act, as amended, 50 U.S.C. §§ 1701 *et seq.*, The Trading with the Enemy Act, as amended, 50 U.S.C. App. 1 *et seq.*, and any Executive Order or regulation promulgated thereunder, with the result that the investment in the Loan Parties (whether directly or indirectly) is prohibited by applicable Legal Requirements, or the Loans or other Credit Extensions made by the Lenders, the Swing Line Lender and the Issuing Bank would be in violation of Legal Requirements, or (2) the Executive Order, any related enabling legislation or any other similar executive orders, or (b) any Embargoed Person to have any direct or indirect interest, of any nature whatsoever in the Loan Parties, with the result that the investment in the Loan Parties (whether directly or indirectly) is prohibited by applicable Legal Requirements or the Credit Extensions are in violation of applicable Legal Requirements.

Section 6.21 **Permitted Activities of Parent**. Parent shall not: (a) incur, directly or indirectly, any Indebtedness or any other obligation or liability whatsoever other than the Indebtedness and obligations under this Agreement, the other Loan Documents and the Second Lien Loan Documents; (b) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired, leased or licensed by it other than the Liens created under the Security Documents or the Second Lien Loan Documents to which it is a party, and non-consensual Liens imposed by operation of law and not for borrowed money; (c) engage in any business or activity or own any assets other than, in each case with respect to clauses (a), (b) and (c) above, (i) holding 100% of the Equity Interests of Borrower, (ii) performing its obligations and activities incidental thereto under the Loan Documents, and to the extent not inconsistent herewith and the Intercreditor Agreement, the Second Lien Loan Documents, (iii) the maintenance of its corporate existence in compliance with applicable law, (iv) legal, tax and accounting matters in connection with any of the foregoing or following activities, (v) the entering into, and performing its obligations under the Management Agreement, (vi) the issuance, sale or repurchase of its Capital Stock not prohibited by the Loan Documents, (vii) dividends or distributions on its Equity Interests, (viii) the performance of obligations under and compliance with its certificate of incorporation and by-laws, or any applicable law, ordinance, regulation, rule, order, judgment, decree or permit, including as a result of or in connection with the activities of its Subsidiaries, (ix) the incurrence and payment of any taxes for which it may be liable; (d) consolidate with or merge with or into, or convey, transfer, lease or license all or substantially all its assets to, any Person; (e) sell or otherwise dispose of any Equity Interests of any of its Subsidiaries; (f) create or acquire any Subsidiary or make or own any Investment in any Person other than Borrower; or (g) fail to hold itself out to the public as a legal entity separate and distinct from all other Persons.

## ARTICLE VII.

### GUARANTEE

Section 7.01 **The Guarantee**. The Guarantors hereby, jointly and severally, guarantee, as primary obligors and not as sureties, to each Secured Party and their respective successors and assigns, the prompt payment and performance in full when due (whether at stated maturity, by

required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest (including any interest, fees, costs or charges that would accrue but for the provisions of the Title 11 of the United States Code after any bankruptcy or insolvency petition under Title 11 of the United States Code) on the Loans made by the Lenders to, and the Notes held by each Lender of, Borrower, and all other Obligations and the Specified Hedging Agreement Obligations from time to time owing to the Secured Parties by any Loan Party in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the "**Guaranteed Obligations**"). The Guarantors hereby jointly and severally agree that if Borrower or other Guarantor(s) shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal. Notwithstanding anything set forth herein or in any other Loan Document to the contrary, and for the avoidance of doubt, Guaranteed Obligations of any Guarantor shall not include any Excluded Swap Obligations of such Guarantor.

Section 7.02 **Obligations Unconditional**. The obligations of the Guarantors under Section 7.01 shall constitute a guaranty of payment and performance and not of collection and to the fullest extent permitted by applicable Legal Requirements, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations under this Agreement, the Notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full of the Guaranteed Obligations). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

(a) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted;

(c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(d) any Lien or security interest granted to, or in favor of, any Secured Party as security for any of the Guaranteed Obligations shall fail to be valid, perfected or to have the priority required under the Loan Documents; or

(e) the release of any other Guarantor pursuant to Section 7.09.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that any Secured Party exhaust any right, power or remedy or proceed against Borrower or any Guarantor under this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein, or against any other person under any other

guarantee of, or security for, any of the Guaranteed Obligations. The Guarantors waive any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Secured Party upon this Guarantee or acceptance of this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between Borrower and the Secured Parties shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment and performance without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by the Secured Parties, and the obligations and liabilities of the Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Secured Parties or any other person at any time of any right or remedy against Borrower or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and their respective successors and assigns, and shall inure to the benefit of the Secured Parties, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

Section 7.03 **Reinstatement**. The obligations of the Guarantors under this Article VII shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Borrower or other Loan Party in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Section 7.04 **Subrogation; Subordination**. Each Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall not assert any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 7.01, whether by subrogation or otherwise, against Borrower or any other Guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations. Any Indebtedness of any Loan Party permitted pursuant Section 6.04(f) shall be subordinated to such Loan Party's Secured Obligations and Specified Hedging Agreement Obligations in the manner set forth in the Intercompany Note evidencing such Indebtedness.

Section 7.05 **Remedies**. The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of Borrower under this Agreement and other Loan Documents may be declared to be forthwith due and payable as provided in Article VIII (and shall be deemed to have become automatically due and payable in the circumstances provided in Article VIII) for purposes of Section 7.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by Borrower) shall forthwith become due and payable by the Guarantors for purposes of Section 7.01.

Section 7.06 **Instrument for the Payment of Money**. Each Guarantor hereby acknowledges that the guarantee in this Article VII constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

Section 7.07 **Continuing Guarantee.** The guarantee in this Article VII is a continuing guarantee of payment and performance, and shall apply to all Guaranteed Obligations whenever arising.

Section 7.08 **General Limitation on Guarantee Obligations.** In any action or proceeding involving any state corporate limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other Legal Requirement affecting the rights of creditors generally, if the obligations of any Guarantor under Section 7.01 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 7.01, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Loan Party or any other person, be automatically limited and reduced to the highest amount (after giving effect to the rights of subrogation and contribution established in Sections 7.04 and 7.10, respectively) that is valid and enforceable, not void or voidable and not subordinated to the claims of other creditors as determined in such action or proceeding.

Section 7.09 **Release of Guarantors.** If, in compliance with the terms and provisions of the Loan Documents, (i) all of the Equity Interests or (ii) all or substantially all of the property of any Guarantor are sold or otherwise transferred (a “**Transferred Guarantor**”) to a person or persons (other than any Company or any Affiliate thereof), such Transferred Guarantor shall, upon the consummation of such sale or transfer, be automatically released from its obligations under this Agreement (including under Section 11.03) and its obligations to pledge and grant any Collateral owned by it pursuant to any Security Document and, in the case of the sale of all of the Equity Interests of the Transferred Guarantor, the pledge of such Equity Interests to the Collateral Agent pursuant to the Security Documents shall be released, and, so long as Borrower shall have previously provided the Collateral Agent and the Administrative Agent such certifications or documents the Collateral Agent and/or the Administrative Agent as shall reasonably request, the Lenders hereby irrevocably authorize the Administrative Agent and the Collateral Agent to take such actions as are necessary to effect each release described in this Section 7.09 and that the Collateral Agent and Administrative Agent may rely conclusively without further inquiry on any certificate or document provided to it by any Loan Party in connection with the foregoing; provided, however, that the Administrative Agent and the Collateral Agent shall not be required to execute any document necessary to evidence such release on terms that, in the Administrative Agent’s and the Collateral Agent’s reasonable opinion, would expose any Agent to liability or create any obligation or entail any consequence other than the release of such Guarantor without recourse, representation, or warranty.

Section 7.10 **Right of Contribution.** Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor’s right of contribution shall be subject to the terms and conditions of Section 7.04. The provisions of this Section 7.10 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders, and each Guarantor shall remain liable to the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders for the full amount guaranteed by such Guarantor hereunder.

**ARTICLE VIII.**

**EVENTS OF DEFAULT**

Section 8.01 **Events of Default.** Upon the occurrence and during the continuance of any of the following events (each, an “**Event of Default**”):

(a) default shall be made in the payment of any principal of any Loan or any Reimbursement Obligation when and as the same shall become due and payable, whether at the due date thereof (including a Term Loan Repayment Date) or at a date fixed for prepayment (whether voluntary or mandatory) thereof or by acceleration thereof or otherwise;

(b) default shall be made in the payment of any interest on any Credit Extension or any Fee or any other amount (other than an amount referred to in paragraph (a) above) due under any Loan Document, when and as the same shall become due and payable, whether at the due date thereof (including an Interest Payment Date) or at a date fixed for prepayment (whether voluntary or mandatory) or by acceleration or demand thereof or otherwise, and such default shall continue unremedied for a period of three Business Days after the occurrence thereof;

(c) any representation or warranty made or deemed made in or in connection with any Loan Document or the borrowings of Loans or issuances of Letters of Credit hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(d) default shall be made in the due observance or performance by any Company of any covenant, condition or agreement contained in (i) Sections 5.01 or 5.02 (and such default shall continue unremedied or shall not be waived for a period of 5 days) and (ii) 5.03(a), 5.08, 5.10 or 5.13 or in Article VI;

(e) default shall be made in the due observance or performance by any Company of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (a), (b) or (d) immediately above) and such default shall continue unremedied or shall not be waived for a period of 30 days after the occurrence thereof;

(f) any Company shall (i) fail to pay any principal or interest due in respect of any Indebtedness (other than the Obligations), when and as the same shall become due and payable beyond any applicable grace period, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee or other representative on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity or become subject to a mandatory offer to purchase by the obligor; *provided* that it shall not constitute an Event of Default pursuant to this paragraph (f) unless the aggregate amount of all such Indebtedness referred to in clauses (i) and (ii) exceeds \$5,000,000 at any one time (*provided* that, in the case of any Hedging Obligations, the amount counted for this purpose shall be the applicable Hedging Termination Value); *provided further*, that this paragraph (f) shall not apply to such Indebtedness that becomes due (and is paid in full and otherwise discharged within 15 days of initially becoming due) as a result of the sale, transfer or other disposition (including as a result of a casualty or condemnation event) of any property or assets securing such Indebtedness (to the extent such sale, transfer or other disposition is not prohibited under this Agreement and such debt is repaid in accordance with its terms);

(g) an Insolvency Proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any Company or of a substantial part of the property of any Company, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar Legal Requirement, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, rehabilitator or similar official for any Company or for a substantial part of the property of any Company, or (iii) the winding-up or liquidation of any Company; and such proceeding or petition shall continue undismissed for 60 days or an Order approving or ordering any of the foregoing shall be entered;

(h) any Company shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar Legal Requirement, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any Insolvency Proceeding or the filing of any petition described in clause (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, rehabilitator or similar official for any Company or for a substantial part of the property of any Company, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due, (vii) wind up or liquidate, or (viii) take any action for the purpose of effecting any of the foregoing;

(i) one or more Orders for the payment of money in an aggregate amount in excess of \$5,000,000 (that are not covered by insurance from an unaffiliated insurance company with an A.M. Best financial strength rating of at least A- (as reasonably determined by the Administrative Agent)) shall be rendered against any Company or any combination thereof and the same shall remain unpaid, undischarged, unvacated or unbonded for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon properties of any Company to enforce any such Order;

(j) (i) one or more ERISA Events shall have occurred that, when taken together with all other such ERISA Events that have occurred, could reasonably be expected to result in liability of any Company or any of its ERISA Affiliates in an aggregate amount exceeding \$5,000,000; (ii) the ERISA Event described in (ii) of the definition thereof shall have occurred; or (iii) the imposition of a Lien or other security interest on any properties of a Company under Section 430(k) of the Code or under Section 303(k) of ERISA or a violation of Section 436 of the Code;

(k) any security interest and Lien purported to be created by any Security Document shall cease to be in full force and effect, or shall cease to give the Collateral Agent, for the benefit of the Secured Parties, the Liens, rights, powers and privileges purported to be created and granted under such Security Documents (including a valid, enforceable, perfected first priority security interest in, and Lien on, all of the Collateral thereunder (except as otherwise expressly provided in this Agreement or such Security Document)) in favor of the Collateral Agent, or shall be asserted by or on behalf of any Company not to be a valid, enforceable, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) security interest in or Lien on the Collateral covered thereby; *provided* that it shall not be an Event of Default under this paragraph (k) if the Collateral Agent shall not have, or shall cease to have, a valid, enforceable and perfected first priority security interest in or Lien on any Collateral purported to be covered by the Security Documents that (i) has a Fair Market Value, individually or in the aggregate, of less than \$5,000,000 and (ii) is not material to the operations or the businesses of the Companies, taken as a whole, in each case as determined by the Collateral Agent in its reasonable discretion;

(l) any Loan Document, including, for the avoidance of doubt, the Intercreditor Agreement, or any material provisions thereof shall at any time and for any reason be declared by a court of competent jurisdiction to be null and void, or a proceeding shall be commenced by or on behalf of any Loan Party or any other person, or by any Governmental Authority, seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof), or any Company (directly or indirectly) shall repudiate, revoke, terminate or rescind (or purport to do any of the foregoing) or deny any portion of its liability or obligation for the Obligations; or

(m) there shall have occurred a Change in Control; or

(n) any Event of Default (as defined in the Second Lien Credit Agreement and/or the Second Lien Term Loans) shall have occurred under any of the Second Lien Loan Documents;

then, and in every such event (other than an event with respect to Parent or Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments; (ii) declare the Loans and Reimbursement Obligations then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans and Reimbursement Obligations so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document or otherwise to the contrary notwithstanding and (iii) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; and, in any event, with respect to Parent or Borrower described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans and Reimbursement Obligations then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document or otherwise to the contrary notwithstanding.

Section 8.02 **Right to Cure.** (a) **Financial Covenants.** Notwithstanding anything to the contrary contained in Section 8.01, in the event that Borrower fails to comply with the requirements of the financial covenants set forth in Section 6.10(a) and (b) as of the last day of any fiscal quarter, until the expiration of the 10th Business Day subsequent to the Cure Specified Date for such fiscal quarter, Borrower shall have the right to give written notice (the “**Cure Notice**”), on or prior to the 10th Business Day subsequent to such Cure Specified Date, to the Administrative Agent of the intent of Holdings or Parent to issue Permitted Cure Securities for cash, consummate any Equity Issuance or otherwise receive cash common equity contributions to the capital of Holdings or Parent (collectively, the “**Cure Right**”), and, upon contribution by Holdings of such cash to Parent, as applicable, and by Parent to Borrower as cash common equity (the “**Cure Amount**”) (*provided* that such Cure Amount is Not Otherwise Applied (including, without limitation, utilized as an increase to the Available Amount)) pursuant to the exercise by Borrower of such Cure Right, which exercise and contribution shall be made on or before the 20th Business Day subsequent to such Cure Specified Date, the covenants set forth in Section 6.10(a) and (b) shall be recalculated giving effect to the following adjustments on a Pro Forma Basis:

(i) Consolidated EBITDA shall be increased with respect to such applicable fiscal quarter and any Test Period that contains such fiscal quarter, solely for the purpose of measuring the financial covenants set forth in Section 6.10(a) and (b) and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; and

(ii) if, after giving effect to the foregoing recalculations, Borrower shall then be in compliance with the requirements of the financial covenants set forth in Section 6.10(a) and (b), Borrower shall be deemed to have satisfied the requirements of such financial covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of such financial covenants that had occurred shall be deemed cured for purposes of this Agreement.



(b) **No Default.** Notwithstanding anything herein to the contrary, (i) a Default or Event of Default resulting solely from a failure to be in compliance with the financial covenants set forth in Section 6.10 shall not be deemed to exist from the end of the applicable fiscal quarter until the 5th Business Day after the applicable Cure Specified Date with respect to such fiscal quarter with respect to such fiscal period, (ii) to the extent a Cure Notice is delivered by Borrower within 5 Business Days after such Cure Specified Date, a Default or Event of Default resulting solely from a failure to be in compliance with the financial covenants set forth in Section 6.10 shall not be deemed to exist from the end of the applicable fiscal quarter until the 10th Business Day after the applicable Cure Specified Date with respect to the applicable fiscal quarter and (iii) if the Cure Amount is not made within 10 Business Days after the applicable Specified Date with respect to the applicable fiscal quarter, each such Default or Event of Default referenced in clauses (i) and (ii) above shall be deemed reinstated as of the end of the applicable fiscal quarter, it being further agreed that the Obligations shall bear interest at the Default Rate as applied in accordance with Section 2.06(c) as of the end of such applicable fiscal quarter.

(c) **Revolver Borrowing Block.** If a Default or Event of Default would have occurred and be continuing had Borrower not had the option to exercise the Cure Right as set forth above and not exercised such Cure Right pursuant to the foregoing provisions, Borrower shall not be permitted, from the applicable Cure Specified Date with respect to the applicable fiscal quarter, until such Default or Event of Default is cured in accordance with the terms of this Section 8.02 or Section 11.02, to request any Borrowings or any Credit Extensions under the Revolving Commitments (including any Borrowing of Swing Line Loans and/or issuance or extension (including automatic renewals pursuant to Section 2.17(c)) of any Letter of Credit or otherwise request any other Credit Extension under this Agreement.

(d) **Limitation on Exercise of Cure Right.** Notwithstanding anything herein to the contrary, (i) in each four fiscal quarter period, there shall be at least two fiscal quarters during which the Cure Right is not exercised, (ii) the Cure Right may only be exercised five times during the term of this Agreement, (iii) the Cure Amount shall be no greater than the minimum amount required to cause Borrower to be in compliance with the financial covenants set forth in Section 6.10(a) and (b) as at the end of the applicable fiscal quarter, (iv) all Cure Amounts shall be disregarded for purposes of determining any pricing, financial ratio based conditions or any baskets with respect to the covenants contained in this Agreement, and (v) there shall be no pro forma reduction in Indebtedness with the proceeds of any Cure Amount for determining compliance with Section 6.10(a) and (b) in the quarter in which such Cure Right is exercised.

## ARTICLE IX.

### COLLATERAL ACCOUNT; APPLICATION OF COLLATERAL PROCEEDS

Section 9.01 **Collateral Account.** (a) The Collateral Agent is hereby authorized to establish and maintain at its office (or, at the Collateral Agent's discretion, at the office of its designee from time to time) at 520 Madison Ave. New York, New York 10022, in the name of the Collateral Agent and pursuant to one or more Control Agreements, one or more restricted deposit accounts designated "El

Pollo Loco, Inc. Collateral Account” (or such other substantially similar designation as shall be determined by the Collateral Agent in its discretion from time to time). Each Loan Party shall deposit into the Collateral Account from time to time any cash that such Loan Party is required to pledge as additional collateral security hereunder pursuant to the Loan Documents.

(b) The balance from time to time in the Collateral Account shall constitute part of the Collateral and shall not constitute payment of the Secured Obligations until applied as hereinafter provided. So long as no Event of Default has occurred and is continuing or will result therefrom, the Collateral Agent shall within ten Business Days of receiving a request from the applicable Loan Party for release of cash proceeds with respect to the Collateral Account, remit such Net Cash Proceeds on deposit in the Collateral Account to or upon the order of such Loan Party (x) at such time as all Letters of Credit shall have been terminated and all of the liabilities in respect of the Letters of Credit have been paid in full or (y) otherwise in accordance with Section 2.17(i). At any time following the occurrence and during the continuance of an Event of Default, the Collateral Agent may (and, if instructed by the Required Lenders as specified herein, shall) in its (or their) discretion apply or cause to be applied (subject to collection) the balance from time to time outstanding in such restricted deposit account to the credit of the Collateral Account to the payment of the Secured Obligations and the Specified Hedging Agreement Obligations in the manner specified in Section 9.02 subject, however, in the case of amounts deposited in the LC Sub-Account, to the provisions of Section 2.17(i). The Loan Parties shall have no right to withdraw, transfer or otherwise receive any funds deposited in the Collateral Account except to the extent specifically provided herein.

(c) Amounts on deposit in the Collateral Account shall be invested and reinvested from time to time in Cash Equivalents as the applicable Loan Party (or, after the occurrence and during the continuance of an Event of Default, the Collateral Agent) shall determine, by written instruction to the Collateral Agent, or if no such instructions are given, then as the Collateral Agent, in its sole discretion, shall determine, which Cash Equivalents shall be held in the name and be under the control of the Collateral Agent (or any sub-agent); *provided* that at any time after the occurrence and during the continuance of an Event of Default, the Collateral Agent may (and, if instructed by the Required Lenders as specified herein, shall) in its (or their) discretion at any time and from time to time elect to liquidate any such Cash Equivalents and to apply or cause to be applied the proceeds thereof to the payment of the Secured Obligations and the Specified Hedging Agreement Obligations in the manner specified in Section 9.02 subject, however, in the case of amounts deposited in the LC Sub-Account, to the provisions of Section 2.17(i).

(d) Amounts deposited into the Collateral Account as cover for liabilities in respect of Letters of Credit under any provision of this Agreement requiring such cover shall be held by the Administrative Agent in a separate sub-account designated as the “LC Sub-Account” (the “**LC Sub-Account**”) and, subject to Section 2.17(i), all amounts held in the LC Sub-Account shall constitute collateral security to be initially applied in accordance with Section 2.17(i).

**Section 9.02 Application of Proceeds.** The proceeds received by the Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies or otherwise received after the occurrence and during the continuance of an Event of Default shall be applied, in full or in part, together with any other sums then held by the Collateral Agent pursuant to this Agreement or any other Loan Document, promptly by the Collateral Agent as follows (subject to the terms of the Intercreditor Agreement):

(a) *First*, to the indefeasible payment in full in cash of all costs and expenses, fees, commissions and taxes of such sale, collection or other realization (including compensation to the Collateral Agent, in its capacity as such, and its agents and counsel, and all expenses, liabilities and

advances made or incurred by the Collateral Agent in connection therewith and all amounts for which the Collateral Agent is entitled to indemnification pursuant to the provisions of any Loan Document), together with interest on each such amount at the highest rate then in effect under this Agreement from and after the date such amount is due, owing or unpaid until paid in full;

(b) *Second*, to the indefeasible payment in full in cash of all other reasonable costs and expenses of such sale, collection or other realization (including compensation to the other Secured Parties and their agents and counsel and all costs, liabilities and advances made or incurred by the other Secured Parties in connection therewith), together with interest on each such amount at the highest rate then in effect under this Agreement from and after the date such amount is due, owing or unpaid until paid in full;

(c) *Third*, without duplication of amounts applied pursuant to clauses (a) and (b) above, to the indefeasible payment in full in cash, *pro rata*, of interest and other amounts constituting Obligations (other than principal, Reimbursement Obligations and obligations to Cash Collateralize Letters of Credit) then due and owing (it being agreed that, for purposes of applying this clause (c), all interest and all other amounts described herein will be deemed payable in accordance with this Agreement regardless of whether such claims are allowed in any proceeding described in Section 8.01(g) or (h));

(d) *Fourth*, to the indefeasible payment in full in cash, *pro rata*, of the principal amount of the Obligations and any premium thereon (including Reimbursement Obligations and obligations to Cash Collateralize Letters of Credit);

(e) *Fifth*, to the indefeasible payment in full in cash of Secured Obligations of the type specified in clause (b) of the definition of Obligations then due and owing, *pro rata*;

(f) *Sixth*, to the indefeasible payment in full in cash of the remaining Secured Obligations then due and owing, *pro rata*;

(g) *Seventh*, to the indefeasible payment in full in cash of the remaining Specified Hedging Agreement Obligations then due and owing, *pro rata*;  
and

(h) *Eighth*, the balance, if any, to the person lawfully entitled thereto (including the applicable Loan Party or its successors or assigns) or as a court of competent jurisdiction may direct.

In the event that any such proceeds are insufficient to pay in full the items described in clauses (a) through (i) of this Section 9.02, the Loan Parties shall remain liable, jointly and severally, for any deficiency. For the avoidance of doubt, notwithstanding any other provision of any Loan Document, no payment received directly or indirectly from any Loan Party that is not a Qualified ECP Guarantor shall be applied directly or indirectly by the Administrative Agent or otherwise to the payment of any Excluded Swap Obligations.

## ARTICLE X.

### THE ADMINISTRATIVE AGENT AND THE COLLATERAL AGENT

Section 10.01 Appointment. (a) Each Lender, the Swing Line Lender and the Issuing Bank hereby irrevocably designates and appoints each of the Administrative Agent (which, on the Closing Date, is Jefferies Finance LLC) and the Collateral Agent (which, on the Closing Date, is Jefferies Finance LLC) as an agent of such Lender under this Agreement and the other Loan Documents and the Administrative Agent and the Collateral Agent hereby accept such appointments (and, in each case, on

the Closing Date, Jefferies Finance LLC hereby accepts such appointments). Each Lender irrevocably authorizes each Agent, in such capacity, through its agents or employees, to take such actions on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are delegated to such Agent by the terms of this Agreement and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article X are solely for the benefit of the Agents, the Lenders, the Swing Line Lender and the Issuing Bank, and no Loan Party shall have rights as a third party beneficiary of any such provisions.

(b) Each Lender irrevocably appoints each other Lender as its agent and bailee for the purpose of perfecting Liens (whether pursuant to Section 8-301(a)(2) of the UCC or otherwise), for the benefit of the Secured Parties, in assets in which, in accordance with the UCC or any other applicable Legal Requirement a security interest can be perfected by possession or control. Should any Lender (other than the Collateral Agent) obtain possession or control of any such Collateral, such Lender shall notify the Collateral Agent thereof, and, promptly following the Collateral Agent's request therefor, shall deliver such Collateral to the Collateral Agent or otherwise deal with such Collateral in accordance with the Collateral Agent's instructions.

Section 10.02 **Agent in Its Individual Capacity.** Each person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such person and its Affiliates may accept deposits from, lend money to, act as financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Company or Affiliate thereof as if it were not an Agent hereunder and without duty to account therefor to the Lenders, the Swing Line Lender or the Issuing Bank.

Section 10.03 **Exculpatory Provisions.** No Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.02); *provided* that no Agent shall be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Legal Requirements, and (c) except as expressly set forth in the Loan Documents, no Agent shall have any duty to disclose or shall be liable for the failure to disclose, any information relating to any Company or any of its Affiliates that is communicated to or obtained by the person serving as such Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as any Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 11.02). No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Borrower, a Lender, the Swing Line Lender or the Issuing Bank, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement with reference to the Administrative Agent or the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine

of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties. Each party to this Agreement acknowledges and agrees that the Administrative Agent may from time to time use one or more outside service providers for the tracking of all UCC financing statements (and/or other collateral related filings and registrations from time to time) required to be filed or recorded pursuant to the Loan Documents and the notification to the Administrative Agent, of, among other things, the upcoming lapse or expiration thereof, and that each of such service providers will be deemed to be acting at the request and on behalf of Borrower and the other Loan Parties. No Agent shall be liable for any action taken or not taken by any such service provider so long as the selection of such service provider was made without gross negligence or willful misconduct.

Section 10.04 **Reliance by Agent.** Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent, or otherwise authenticated by a proper person. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender, the Swing Line Lender or the Issuing Bank, each Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless each Agent shall have received written notice to the contrary from such Lender, the Swing Line Lender or the Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. Each Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other advisors selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or advisors.

Section 10.05 **Delegation of Duties.** Each Agent may perform any and all of its duties and exercise its rights and powers by or through, or delegate any and all such rights and powers to, any one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Affiliates of each Agent and any such sub-agent, and shall apply, without limiting the foregoing, to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

Section 10.06 **Successor Agent.** Each Agent may resign as such at any time upon at least 10 days' prior notice to the Lenders, the Swing Line Lender, the Issuing Bank and Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with Borrower, to appoint a successor Agent from among the Lenders. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 10 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, the Swing Line Lender and the Issuing Bank, appoint a successor Agent, which successor shall be (i) a commercial banking institution organized under the laws of the United States (or any State thereof) or a United States branch or agency of a commercial banking institution, in each case, having combined capital and surplus of at least \$500,000,000 or (ii) another entity satisfactory to the Required Lenders; *provided* that if such retiring Agent is unable to find a commercial banking institution that is willing to accept such appointment and which meets the qualifications set forth above, the retiring Agent's resignation shall nevertheless thereupon become effective and the retiring (or retired) Agent shall be discharged from its duties and obligations under the Loan Documents, and the Lenders shall assume and perform all of the duties of the Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent.

Upon the acceptance of its appointment as an Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring (or retired) Agent shall be discharged from its duties and obligations under the Loan Documents. The fees payable by Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After an Agent's resignation hereunder, the provisions of this Article X, Section 11.03 and Sections 11.08 to 11.10 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

Section 10.07 **Non-Reliance on Agent and Other Lenders**. Each Lender, the Swing Line Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon any Agent or any other Lender or any of their respective Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender further represents and warrants that it has reviewed the Preliminary Information Memorandum and each other document made available to it on the Platform in connection with this Agreement and has acknowledged and accepted the terms and conditions applicable to the recipients thereof (including any such terms and conditions set forth, or otherwise maintained, on the Platform with respect thereto). Each Lender, the Swing Line Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon any Agent or any other Lender or any of their respective Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

Section 10.08 **Name Agents**. The parties hereto acknowledge that the Documentation Agent and Syndication Agent hold such titles in name only, and that such titles confers no additional rights or obligations relative to those conferred on any Lender, the Swing Line Lender or the Issuing Bank hereunder.

Section 10.09 **Indemnification**. The Lenders severally agree to indemnify each Agent in its capacity as such and each of its Related Persons (to the extent not reimbursed by Borrower or the Guarantors and without limiting the obligation of Borrower or the Guarantors to do so), ratably according to their respective outstanding Loans and Commitments in effect on the date on which indemnification is sought under this Section 10.09 (or, if indemnification is sought after the date upon which all Commitments shall have terminated and the Loans and Reimbursement Obligations shall have been paid in full, ratably in accordance with such outstanding Loans and Commitments as in effect immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, fines, penalties, actions, claims, suits, litigations, investigations, inquiries or proceedings, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans and Reimbursement Obligations) be imposed on, incurred by or asserted against such Agent or Related Person in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein, the Transactions or any of the other transactions contemplated hereby or thereby or any action taken or omitted by such Agent or Related Person under or in connection with any of the foregoing (**IN ALL CASES, WHETHER OR NOT CAUSED OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF ANY AGENT OR RELATED PERSON**); *provided* that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, claims, suits, litigations, investigations, inquiries or proceedings, costs, expenses or disbursements that are found by a final and nonappealable judgment of a court of competent jurisdiction to have directly resulted solely and directly from such Agent's or Related Person's, as the case may be, gross negligence or willful misconduct. The agreements in this Section 10.09 shall survive the payment of the Loans and all other amounts payable hereunder.

Section 10.10 **Administrative Agent May File Proof of Claims.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or Reimbursement Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Reimbursement Obligations and all other Secured Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under the Loan Documents) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Administrative Agent the Loan Documents.

Section 10.11 **Intercreditor Agreement.** Notwithstanding anything herein to the contrary, each Lender also acknowledges that the Lien and security interest granted to the Collateral Agent pursuant to the Security Documents and the existence of any right or remedy by the Collateral Agent thereunder are subject to the provisions of the Intercreditor Agreement. In the event of a conflict between the terms of the Intercreditor Agreement and any Security Document, the terms of the Intercreditor Agreement shall govern and control. Each Lender hereby authorizes the Collateral Agent to enter into the Intercreditor Agreement on behalf of such Lender.

Section 10.12 **Lender Action.** Each Lender agrees that it shall not take or institute any actions or proceedings, judicial or otherwise, for any right or remedy against any Loan Party or any other obligor under any of the Loan Documents (including the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures or cause any of the foregoing (through Affiliates or otherwise), with respect to any Collateral or any other property of any such Loan Party, without the prior written consent of the Administrative Agent. The provisions of this Section 10.12 are for the sole benefit of the Lenders and shall not afford any right to, or constitute a defense available to, any Loan Party.

Section 10.13 **Individual Capacity.** Each Agent, Lender, Swing Line Lender and Issuing Bank and each of their respective affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent, Lender, Swing Line Lender and Issuing Bank, as the case may be, were not an Agent, Lender, Swing Line Lender or Issuing Bank, as the case may be. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

ARTICLE XI.

MISCELLANEOUS

Section 11.01 **Notices.** (a) Generally. Notices and other communications provided for herein shall, except as provided in Section 11.01(b), be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Loan Party, to Borrower at:

3535 Harbor Boulevard,  
Suite 100  
Costa Mesa, CA 92626  
Attn: Edye Austin  
Telecopy No.: (714) 599-5593  
Attn: Larry Roberts  
Telecopy No.: (714) 599-5734;

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York City, NY 10036  
Attn: Rossie E. Turman III, Esq.  
Telecopy No.: (917) 777-2748;

(ii) if to the Administrative Agent, the Collateral Agent or Swing Line Lender, to it at:

Jefferies Finance LLC  
520 Madison Avenue  
New York, New York 10022  
Attention: Account Officer – El Pollo Loco, Inc.  
Telecopy No.: (212) 284-3444;

With a copy to:

Shearman & Sterling LLP  
599 Lexington Avenue  
New York City, NY 10022  
Attn: Joshua W. Thompson, Esq.  
Telecopy No.: (646) 848-8703;

(iii) if to a Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire; and

(iv) if to the Issuing Bank, to it at:

General Electric Capital Corporation  
Attn: Capital Markets  
8377 East Hartford Drive, Suite 200  
Scottsdale, AZ 85255



All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy or by certified or registered mail, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 11.01(a) or in accordance with the latest unrevoked direction from such party given in accordance with this Section 11.01(a), and failure to deliver courtesy copies of notices and other communications shall in no event affect the validity or effectiveness of such notices and other communications.

Notices delivered through electronic communications to the extent provided in Section 11.01(b) below, shall be effective as provided in Section 11.01(b).

(b) Electronic Communications. Notices and other communications to the Lenders, the Swing Line Lender and the Issuing Bank hereunder may (subject to Section 11.01(d)) be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices to any Lender, the Swing Line Lender or the Issuing Bank pursuant to Article II if such Lender, the Swing Line Lender or the Issuing Bank, as applicable, has notified the Administrative Agent (in a manner set forth in Section 11.01(a)) that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Collateral Agent or Borrower may, in their respective sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures, respectively, approved by it (including as set forth in Section 11.01(d)); *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (including by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, etc. Any party hereto may change its address, telecopier number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(d) Posting. Each Loan Party will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to this Agreement and any other Loan Document, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing, Borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any borrowing or other extension of credit hereunder (all such non-excluded communications, collectively, the "**Communications**"), by transmitting the Communications in an electronic/soft medium in a format reasonably acceptable to the Administrative Agent at its e-mail address(es) provided to Borrower by the Administrative Agent from time to time or in such other form, including hard copy delivery thereof, as

the Administrative Agent shall require. In addition, each Loan Party agrees to continue to provide the Communications to the Administrative Agent in the manner specified in this Agreement or any other Loan Document or in such other form, including hard copy delivery thereof, as the Administrative Agent shall reasonably require. Nothing in this Section 11.01 shall prejudice the right of the Agents, any Lender, the Swing Line Lender, the Issuing Bank or any Loan Party to give any notice or other communication pursuant to this Agreement or any other Loan Document in any other manner specified in this Agreement or any other Loan Document or as any such Agent shall reasonably require.

To the extent consented to by the Administrative Agent in writing from time to time, the Administrative Agent agrees that receipt of the Communications by the Administrative Agent at its e-mail address(es) set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents; *provided* that Borrower shall also deliver to the Administrative Agent an executed original of each Compliance Certificate required to be delivered hereunder.

Each Loan Party further agrees that the Administrative Agent may make the Communications available to the other Agents, the Lenders, the Swing Line Lender or the Issuing Bank by posting the Communications on IntraLinks, SyndTrak or a substantially similar electronic transmission system (the “**Platform**”). The Platform is provided “as is” and “as available”. The Agents do not warrant the accuracy or completeness of the Communications, or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Agent in connection with the Communications or the Platform.

Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable law, including United States federal and state securities laws, to make reference to information that is not made available through the “Public Side Information” portion of the Platform and that may contain Non-Public Information with respect to the Borrower, its Subsidiaries or their securities for purposes of United States federal or state securities laws. In the event that any Public Lender has determined for itself to not access any information disclosed through the Platform or otherwise, such Public Lender acknowledges that (i) other Lenders may have availed themselves of such information and (ii) neither the Borrower nor the Administrative Agent has any responsibility for such Public Lender’s decision to limit the scope of the information it has obtained in connection with this Agreement and the other Loan Documents.

**Section 11.02 Waivers; Amendment.** (a) No failure or delay by any Agent, the Swing Line Lender, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of each Agent, the Swing Line Lender, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 11.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether any Agent, any Lender, the Swing Line Lender or the Issuing Bank may have had notice or knowledge of

such Default at the time. No notice or demand on Borrower or any other Loan Party in any case shall entitle Borrower or any other Loan Party to any other or further notice or demand in similar or other circumstances.

(b) Subject to Section 11.02(c), this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended, supplemented or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent, the Collateral Agent (in the case of any Security Document) and the Loan Party or Loan Parties that are parties thereto, in each case with the written consent of the Required Lenders; *provided* that no such agreement shall:

(i) increase the Commitment of any Lender without the written consent of such Lender (it being understood that no amendment, modification, termination, waiver or consent with respect to any condition precedent, covenant or Default (or any definition used, respectively, therein) shall constitute an increase in the Commitment of any Lender for purposes of this clause (i));

(ii) reduce the principal amount or premium, if any, of any Loan or LC Disbursement or reduce the rate of interest thereon (other than interest pursuant to Section 2.06(c)), or reduce any Fees payable hereunder, without the written consent of each Lender directly affected thereby (it being understood that any amendment or modification to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (ii));

(iii) postpone or extend the maturity of any Loan, or any scheduled date of payment of or the installment otherwise due on the principal amount of any Term Loan under Section 2.09, or the required date of payment of any Reimbursement Obligation, or any date for the payment of any interest or fees payable hereunder, or reduce the amount of, waive or excuse any such payment (other than a waiver of any increase in the interest rate pursuant to Section 2.06(c)), or postpone the scheduled date of expiration of any Commitment or postpone the scheduled date of expiration of any Letter of Credit beyond the Letter of Credit Expiration Date, without the written consent of each Lender directly affected thereby;

(iv) change, modify or eliminate Section 2.10(j), or Section 2.14(b) or (c) or Section 9.02 in a manner that would alter the order of or the *pro rata* sharing of payments or setoffs required thereby, without the written consent of each Lender directly affected thereby;

(v) change the percentage set forth in the definition of "Required Lenders" or any other provision of any Loan Document (including this Section 11.02) specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be);

(vi) subject to the Intercreditor Agreement, release all or substantially all of the Guarantors from their respective Guarantees (except as expressly provided in Article VII), or limit their liability in respect of such Guarantees, without the written consent of each Lender;

(vii) except as expressly permitted in this Agreement or any Security Document but subject to the Intercreditor Agreement, release or subordinate all or substantially all of the Collateral from the Liens of the Security Documents or alter the relative priorities of the Secured Obligations and the Specified Hedging Agreement Obligations entitled to the Liens of

the Security Documents (except in connection with securing additional Secured Obligations equally and ratably with the other Secured Obligations and the Specified Hedging Agreement Obligations), in each case without the written consent of each Lender;

(viii) change any provisions of any Loan Document in a manner that by its terms adversely and directly affects the rights in respect of payments due to Lenders holding Loans of any Class materially differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each directly affected Class;

(ix) change the order of application of prepayments among Term Loans and Revolving Commitments under Section 2.10(h) or change the application of prepayments of Term Loans set forth in Section 2.10(h) in each case without the consent of the Required Lenders and Term Loan Lenders holding more than 50% of the principal amount of the outstanding Term Loans;

(x) change Section 11.04(b) in a manner which further restricts assignments thereunder without the written consent of each Lender; and

(xi) amend, modify or eliminate Section 2.10(m) without the written consent of each Term Loan Lender directly affected thereby;

*provided, further*, that (1) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Collateral Agent, the Swing Line Lender or the Issuing Bank without the prior written consent of the Administrative Agent, the Swing Line Lender or the Issuing Bank, as the case may be, and (2) any waiver, amendment or modification of this Agreement that by its terms directly affects the rights or duties under this Agreement of the Revolving Lenders (but not the Term Loan Lenders), or the Term Loan Lenders (but not the Revolving Lenders) may be effected by an agreement or agreements in writing entered into by Borrower and the requisite percentage in interest of the affected Class of Lenders that would be required to consent thereto under this Section 11.02 if such Class of Lenders were the only Class of Lenders hereunder at the time; *provided, further*, that no amendment or waiver shall, unless signed by the Administrative Agent and the Required Revolving Lenders (or by the Administrative Agent with the consent of the Required Revolving Lenders) in addition to the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders): (i) amend or waive compliance with the conditions precedent to the obligations of the Revolving Lenders to make any Revolving Loan (or of any Issuing Bank to issue any Letter of Credit or the Swing Line Lender to make Swing Line Loans); (ii) waive any Default or Event of Default for the purpose of (x) satisfying the conditions precedent to the obligations of the Revolving Lenders to make any Revolving Loan (or of any Issuing Bank to issue any Letter of Credit or the Swing Line Lender to make Swing Line Loans) or (y) the application of any payments, prepayments or amounts hereunder; (iii) amend or waive this provision or the definitions of the terms used in this provision insofar as the definitions affect the substance of this provision; or (iv) change the definition of the term Required Revolving Lenders or the percentage of Revolving Lenders which shall be required for Revolving Lenders to take any action hereunder. Notwithstanding the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by Borrower, the Required Lenders and the Administrative Agent (and, if their rights or obligations are affected thereby, the Issuing Bank or the Swing Line Lender) if (x) by the terms of such agreement the Commitment of each Lender not consenting to the amendment provided for therein shall terminate upon the effectiveness of such amendment, (y) at the time such amendment becomes effective, each Lender not consenting thereto receives payment in full of the principal of, premium, if any, and interest accrued on each Loan made by it and all other amounts owing to it or accrued for its account under this Agreement, and (z) Section 2.16(b) is complied with.

(c) Without the consent of any other person, the applicable Loan Party or Loan Parties and the Administrative Agent and/or Collateral Agent may (in its or their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by applicable Legal Requirements to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or assets so that the security interests therein comply with applicable Legal Requirements.

(d) Notwithstanding the foregoing, the Administrative Agent may, with the consent of Borrower only, (i) amend, modify or supplement this Agreement to cure any ambiguity, omission, defect or inconsistency as result of conforming Article VI (and related definitions) to the corresponding provisions in the Second Lien Term Loans and the other Second Lien Loan Documents, (ii) amend, modify or supplement this Agreement to cure any ambiguity, omission, defect or inconsistency, so long as such amendment, modification or supplement does not adversely affect the rights of any Lender, the Swing Line Lender or Issuing Bank in any material respect and (iii) amend, modify or supplement this Agreement in order to implement the provisions of Sections 2.19, 2.20 or 2.21.

Section 11.03 **Expenses; Indemnity; Damage Waiver.** (a) The Loan Parties agree, jointly and severally, to pay, promptly upon demand:

(i) subject to the provisions of the Fee Letter with respect to Jefferies Finance LLC and its Affiliates, all reasonable and documented out-of-pocket costs and expenses incurred by the Joint Lead Arrangers, the Administrative Agent, the Collateral Agent, the Swing Line Lender and the Issuing Bank, including the reasonable fees, charges and disbursements of Advisors for the Joint Lead Arrangers, the Administrative Agent, the Collateral Agent, the Swing Line Lender and the Issuing Bank, in connection with the syndication of the Loans and Commitments, the preparation, negotiation, execution and delivery of the Loan Documents, the administration of the Credit Extensions and Commitments, the perfection and maintenance of the Liens securing the Collateral and any actual or proposed amendment, supplement or waiver of any of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated); *provided* that in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one transaction counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction;

(ii) all out-of-pocket costs and expenses incurred by the Administrative Agent or the Collateral Agent, including the fees, charges and disbursements of Advisors for the Administrative Agent and the Collateral Agent, in connection with any action, claim, suit, litigation, investigation, inquiry or proceeding affecting the Collateral or any part thereof, in which action, claim, suit, litigation, investigation, inquiry or proceeding the Administrative Agent or the Collateral Agent is made a party or participates or in which the right to use the Collateral or any part thereof is threatened, or in which it becomes necessary in the judgment of the Administrative Agent or the Collateral Agent to defend or uphold the Liens granted by the Security Documents (including any action, claim, suit, litigation, investigation, inquiry or proceeding to establish or uphold the compliance of the Collateral with any Legal Requirements); *provided* that in the case of charges of outside counsel, such payment shall be limited to the fees,

disbursements and other charges of (x) one litigation counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction);

(iii) all costs and expenses incurred by the Joint Lead Arrangers, the Administrative Agent, the Collateral Agent, any other Agent, , the Swing Line Lender the Issuing Bank or any Lender, including the fees, charges and disbursements of Advisors for any of the foregoing, incurred in connection with the enforcement or protection of its rights under the Loan Documents, including its rights under this Section 11.03(a), or in connection with the Loans made or Letters of Credit issued hereunder and the collection of the Secured Obligations and the Specified Hedging Agreement Obligations, including all such costs and expenses incurred during any workout, restructuring or negotiations in respect of the Secured Obligations and the Specified Hedging Agreement Obligations; *provided* that in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction; and

(iv) all Other Taxes in respect of the Loan Documents.

(b) The Loan Parties agree, jointly and severally, to indemnify the Agents, each Lender, the Swing Line Lender and the Issuing Bank and each of their respective Related Persons (each such person being called an “**Indemnitee**”) against, and to hold each Indemnitee harmless from, all reasonable out-of-pocket costs and any and all losses, claims, damages, liabilities, fees, fines, penalties, actions, judgments, suits and related expenses, including reasonable Advisors fees, charges and disbursements (collectively, “**Claims**”), incurred by, imposed on or asserted against any Indemnitee, directly or indirectly, arising out of, in any way connected with, or as a result of (i) the execution, delivery, performance, administration or enforcement of the Loan Documents or any agreement or instrument contemplated thereby or the performance by the parties thereto of their respective obligations thereunder, (ii) any actual or proposed use of the proceeds of the Loans or issuance of Letters of Credit, (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, (iv) any actual or alleged presence or Release or threatened Release of Hazardous Materials, on, at, under or from any property owned, leased or operated by any Company at any time, or any Environmental Claim or threatened Environmental Claim related in any way to any Company, (v) any past, present or future non-compliance with, or violation of, Environmental Laws or Environmental Permits applicable to any Company, or any Company’s business, or any property presently or formerly owned, leased, or operated by any Company or their predecessors in interest, the environmental condition of any property owned, leased, or operated by any Company at any time, or the applicability of any Legal Requirements relating to such property, whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of any Company, the imposition of any environmental Lien encumbering any Real Property, (viii) the consummation of the Transactions and the other transactions contemplated hereby (including the syndication of the Credit Facilities) or (ix) any actual or prospective action, claim, suit, litigation, investigation, inquiry or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by

any Loan Party or otherwise, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have directly resulted solely from the gross negligence or willful misconduct of such Indemnitee or its Related Persons, the material breach of this Agreement by such Indemnitee or for any such losses, claims, damages, liabilities or related expenses resulting from a dispute solely among Indemnitees and not arising from any act or omission of any Company; *provided further* that with respect to each Claim (or related series of Claims), in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction.

(c) Each Agent and the Loan Parties agree, jointly and severally, that, without the prior written consent of the Administrative Agent and each affected Lender, which consent(s) will not be unreasonably withheld, no such Agent nor the Loan Parties will not enter into any settlement of a Claim in respect of the subject matter of clauses (i) through (ix) of Section 11.03(b), unless such settlement includes an explicit and unconditional release from the party bringing such Claim of all Indemnitees.

(d) The provisions of this Section 11.03 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the Transactions and the other transactions contemplated hereby, the repayment of the Loans, Reimbursement Obligations and any other Secured Obligations and the Specified Hedging Agreement Obligations, the release of any Guarantor or of all or any portion of the Collateral, the expiration of the Commitments, the expiration of any Letter of Credit, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Agents, the Swing Line Lender the Issuing Bank or any Lender. All amounts due under this Section 11.03 shall be accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(e) To the extent that the Loan Parties fail to indefeasibly pay any amount required to be paid by them to the Agents, the Swing Line Lender or the Issuing Bank under Sections 11.03(a) or (b) in accordance with Section 11.03(g), each Revolving Lender severally agrees to pay to the Agents, the Swing Line Lender or the Issuing Bank, as the case may be, such Revolving Lender's *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (such indemnity shall be effective whether or not the related losses, claims, damages, liabilities and related expenses are incurred or asserted by any party hereto or any third party); *provided* that the unreimbursed Claim was incurred by or asserted against any of the Agents, the Swing Line Lender or the Issuing Bank in its capacity as such. For purposes of this Section 11.03(e), a Revolving Lender's "*pro rata* share" shall be determined based upon its share of the sum of the total Revolving Exposure and unused Commitments at the time.

(f) To the fullest extent permitted by applicable Legal Requirements, (i) no party hereto shall assert, and each party hereto hereby waives, any claim against any party hereto or Indemnitee, on any theory of liability, for special, indirect, exemplary, or punitive damages arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof (except, in the case of any Indemnitee, with respect to, or arising in connection with, any Claims) and (ii) no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee, on any theory of liability, for consequential damages (including any loss of profits, business or anticipated

savings) arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with the Loan Documents or the transactions contemplated hereby or thereby.

(g) All amounts due under this Section 11.03 shall be payable not later than 10 Business Days after demand therefor.

(h) This Section 11.03 shall not apply to any Taxes in respect of payments under this Agreement, which shall be governed solely by Section 2.15.

**Section 11.04 Successors and Assigns.** (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that the Loan Parties may not assign or otherwise transfer any of their respective rights or obligations hereunder without the prior written consent of the Administrative Agent, the Collateral Agent, the Swing Line Lender, the Issuing Bank, the Swing Line Lender and each Lender, which consent may be withheld in their respective sole discretion (and any attempted assignment or transfer by any Loan Party without such consent shall be null and void). Nothing in this Agreement or any other Loan Document, express or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants to the extent expressly provided in Section 11.04(f) and, to the extent expressly contemplated hereby, the other Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement or any other Loan Document.

(b) Any Lender shall have the right at any time to assign to one or more assignees (other than any Company or any Affiliate thereof (except for any Affiliated Debt Fund) or an Excluded Lender) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided that*:

(i) except in the case of (A) an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, or (B) an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Term Loan Commitment or Term Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$1,000,000 and the amount of the Revolving Commitment or Revolving Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$2,500,000;

(ii) each partial assignment shall be made as an assignment of a proportionate part of all of the assigning Lender's rights and obligations under this Agreement, except that this clause (ii) shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500; *provided that* such fee shall not be payable in the case of (A) an assignment by any Lender to an Approved Fund or an Affiliate of such Lender, (B) any assignment made in connection with the primary syndication of the Commitments and Loans by the Joint Lead Arrangers or (C) an assignment settled through the Administrative Agent;



(iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire;

(v) in the case of an assignment of all or a portion of a Revolving Commitment or any Revolving Lender's obligations in respect of its LC Exposure, the Issuing Bank must give its prior written consent to such assignment (which consent shall not be unreasonably withheld, delayed or conditioned) and in the case of an assignment of all or a portion of a Revolving Commitment or any Revolving Lender's obligations in respect of its Swing Line Exposure, the Swing Line Lender must give its prior written consent to such assignment (which consent shall not be unreasonably withheld, delayed or conditioned);

(vi) in the case of an assignment of all or a portion of a Commitment, a Loan or any Revolving Lender's obligations in respect of its LC Exposure (except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund), Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld, delayed or conditioned; *provided* that consent shall be deemed to have been granted if the Borrower does not object in writing within 5 business days after request therefor; *provided further* that no such consent shall be required in connection with any assignment made in consultation with the Borrower related to the primary syndication of the Commitments and Loans by the Joint Lead Arrangers;

(vii) (A) Notwithstanding anything to the contrary contained in this Agreement, any Lender may assign all or a portion of its Term Loans (but not, for the avoidance of doubt, any Revolving Commitments) to any Person who is or, after giving effect to such assignment, would be a Non-Debt Fund Affiliate (other than Affiliated Debt Funds, the Parent, Borrower and its Subsidiaries) (collectively, the "**Sponsor Investors**") (without the consent of any Person); *provided* that (1) the assigning Lender and each Sponsor Investor purchasing such Lender's Term Loans shall (x) execute and deliver to the Administrative Agent an Assignment and Assumption via an electronic settlement system reasonably acceptable to the Administrative Agent or by manual execution and (2) at the time of such assignment after giving effect to such assignment, the aggregate principal amount of all Term Loans held by the Sponsor Investors shall not exceed 25% of the aggregate principal amount of all Term Loans at any time outstanding under this Agreement;

(B) Notwithstanding anything to the contrary in this Agreement, the Sponsor Investors shall not have any right to (1) attend (including by telephone or electronic means) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender to which representatives of the Loan Parties are not invited or (2) receive any information or material prepared by the Administrative Agent or any Lender or any communication by or among the Administrative Agent and/or one or more Lenders or have access to the Platform used to distribute information to the Lenders, except to the extent such information or materials have been made available to any Loan Party or its representatives.

(C) Notwithstanding anything in [Section 11.04\(b\)](#) or the definition of "Required Lenders" to the contrary, for purposes of determining whether the Required Lenders (or all Lenders or affected Lenders) have (1) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, (2) otherwise acted on any matter related to any Loan Document, or (3) directed or required the Administrative Agent, the

Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, the Loans of such Sponsor Investor shall not be included in the calculation of Required Lenders (or if such non-voting designation is unenforceable for any reason, or in connection with any matter requiring the votes of such Sponsor Investor in any Bankruptcy Proceedings such Sponsor Investor shall be deemed to have voted its interest as a Lender without discretion in the same proportion as the allocation of voting with respect to such matter by Lenders who are not Sponsor Investors); *provided* that no amendment, modification, waiver, consent or other action with respect to any Loan Document shall deprive such Sponsor Investor of its *pro rata* share of any payments to which such Sponsor Investor is entitled under the Loan Documents and the Sponsor Investor shall be entitled to vote on any amendment pursuant to Sections 11.02(b)(i) – (xi) or which disproportionately affects such Sponsor Investor; and in furtherance of the foregoing, (x) the Sponsor Investor agrees to execute and deliver to the Administrative Agent any instrument reasonably requested by the Administrative Agent to evidence the voting of its interest as a Lender in accordance with the provisions of this Section 11.04(b)(vii)(C); *provided* that if the Sponsor Investor fails to promptly execute such instrument such failure shall in no way prejudice any of the Administrative Agent's rights under this paragraph and (y) the Administrative Agent is hereby appointed (such appointment being coupled with an interest) by the Sponsor Investor as the Sponsor Investor's attorney in fact, with full authority in the place and stead of the Sponsor Investor and in the name of the Sponsor Investor, from time to time in the Administrative Agent's reasonable discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this Section 11.04(b)(vii)(C).

(D) Each Sponsor Investor agrees that it shall not have any right to make or bring (or participate in, other than as a passive participant in or recipient of its *pro rata* benefits of) any claim, in its capacity as a Lender, against the Agents or any other Lender with respect to any duties or obligations or alleged duties or obligations of such Agent or any other such Lender under the Loan Documents, except with respect to any claims (x) that any such Agent or any other such Lender is treating, except as otherwise provided herein or in any other Loan Document, such Non-Debt Fund Affiliate, in its capacity as a Lender, in a disproportionate manner relative to the other Lenders and (y) of the bad faith, gross negligence or willful misconduct of any such Agent or any other such Lender.

(E) Each Sponsor Investor, solely in its capacity as a Term Loan Lender, hereby agrees, and each Assignment and Assumption shall provide a confirmation that, if any Loan Party or any of their assets shall be subject to any voluntary or involuntary proceeding commenced under the Bankruptcy Code or any other Debtor Relief Laws ("**Bankruptcy Proceedings**"), (1) such Sponsor Investor shall not take any step or action in such Bankruptcy Proceeding to object to, impede, or delay the exercise of any right or the taking of any action by the Administrative Agent (or the taking of any action by a third party that is supported by the Administrative Agent) in relation to such Sponsor Investor's claim with respect to its Loans (including, without limitation, objecting to any debtor in possession financing, use of cash collateral, grant of adequate protection, sale or disposition, compromise, or plan of reorganization) so long as such Sponsor Investor (in its capacity as a Term Loan Lender) is treated in connection with such exercise or action on the same or better terms as the other Term Loan Lenders, (2) with respect to any matter requiring the vote of Term Loan Lenders during the pendency of a Bankruptcy Proceeding (including, without limitation, voting on any plan of reorganization), the Loans held by such Sponsor Investor (and any Sponsor Investor's claim with respect thereto) shall be deemed to be voted in accordance with clause (C) of this Section 11.04(b)(vii), so long as such Sponsor Investor (in its capacity as a Term Loan Lender) is treated in connection with the exercise of such right or taking of such action on the same or better terms

as the other Term Loan Lenders. For the avoidance of doubt, the Lenders and each Sponsor Investor (in its capacity as Term Loan Lender) agree and acknowledge that the provisions set forth in this clause (E) of Section 11.04(b)(vii), and the related provisions set forth in each Assignment and Assumption, constitute, to the extent set forth in this clause (E), a “subordination agreement” as such term is contemplated by, and utilized in, Section 5.10(a) of the Bankruptcy Code, and, as such, would be enforceable for all purposes in any case where a Loan Party has filed for protection under the Bankruptcy Code and (3) all parties to the relevant transaction shall execute customary “big-boy” disclaimer letters.

(viii) Notwithstanding anything to the contrary herein, each Sponsor Investor, in its capacity as a Term Lender, in its sole and absolute discretion, may make one or more capital contributions or assignments of Term Loans that it acquires in accordance with Section 11.04(b)(vii) directly or indirectly to the Parent or Borrower solely in exchange for Equity Interests of the Parent (other than Disqualified Capital Stock) upon no less than three Business Days’ written notice to the Administrative Agent. Immediately upon the Parent or Borrower’s acquisition of Term Loans from a Sponsor Investor, (x) such Term Loans and all rights and obligations as a Lender related thereto shall for all purposes (including under this Agreement, the other Loan Documents and otherwise) be automatically deemed to be irrevocably prepaid, terminated, extinguished, cancelled and of no further force and effect and neither the Parent nor the Borrower shall obtain nor have any rights as a Lender hereunder or under the other Loan Documents by virtue of such capital contribution or assignment (without limiting the foregoing, in all events, such Term Loans may not be resold or otherwise assigned, or subject to any participation, or otherwise transferred by the Parent or the Borrower) and (y) Borrower shall deliver to the Administrative Agent a written acknowledgement and agreement executed by a Responsible Officer and in form and substance reasonably acceptable to the Administrative Agent acknowledging the irrevocable prepayment, termination, extinguishment and cancellation of such Loans and confirming that the Parent or Borrower has no rights as a Lender under this Agreement, the other Loan Documents or otherwise. In connection with any Term Loans repurchased and cancelled pursuant to this Section 11.04(b)(vii) the Administrative Agent is authorized to make appropriate entries in the Register to reflect any such cancellation.

(ix) Notwithstanding anything to the contrary contained in this Section 11.04(b) or any other provision of this Agreement, each Lender shall have the right at any time to sell, assign or transfer all or a portion of its Term Loans owing to it to the Parent, the Borrower or any of their Subsidiaries on a non-*pro rata* basis, subject to the following limitations:

(A) no Default or Event of Default has occurred and is then continuing, or would immediately result therefrom;

(B) the Parent, the Borrower or any of their Subsidiaries shall repurchase such Term Loans through either (y) conducting one or more modified Dutch auctions or other buy-back offer processes (each, an “**Offer Process**”) with a third party financial institution as auction agent to repurchase all or any portion of the Term Loans provided that, (A) notice of such Offer Process shall be made to all Term Loan Lenders and (B) such Offer Process is conducted pursuant to procedures mutually established by the Administrative Agent and Borrower which are consistent with this Section 11.04(b)(ix) or (z) open market purchases on a non-*pro rata* basis;

(C) with respect to all repurchases made by the Parent, the Borrower or any of their Subsidiaries pursuant to this Section 11.04(b)(ix), none of the Parent, the Borrower or any of their Subsidiaries shall be required to make any representations that the Parent, the

Borrower or such Subsidiary is not in possession of any information regarding the Parent, its Subsidiaries or its Affiliates, or their assets or their respective securities, Borrower's ability to perform its Obligations or any other matter that may be material to a decision by any Lender to participate in any offer or enter into any Assignment and Assumption or any of the transactions contemplated thereby that has not previously been disclosed to the Administrative Agent and Private Siders, (w) no Default or Event of Default has occurred and is continuing or would result from such repurchase, (x) the Parent, Borrower or such Subsidiary shall not use the proceeds of any Revolving Loans or Swing Line Loans to acquire such Term Loans, (y) the assigning Lender and the Parent, Borrower or such Subsidiary, as applicable, shall execute and deliver to the Administrative Agent an Assignment and Assumption in form and substance reasonably satisfactory to the Administrative Agent and (z) all parties to the relevant repurchases shall execute customary "big-boy" disclaimer letters; and

(D) immediately following repurchase by the Parent, the Borrower or any of their Subsidiaries pursuant to this Section, the Term Loans so repurchased shall, without further action by any Person, be deemed automatically and irrevocably cancelled for all purposes and no longer outstanding (and may not be resold by the Parent, the Borrower or such Subsidiary), for all purposes of this Agreement and all other Loan Documents, including, but not limited to (1) the making of, or the application of, any payments to the Lenders under this Agreement or any other Loan Document, (2) the making of any request, demand, authorization, direction, notice, consent or waiver under this Agreement or any other Loan Document or (3) the determination of Required Lenders, or for any similar or related purpose, under this Agreement or any other Loan Document. In connection with any Term Loans repurchased and cancelled pursuant to this Section 11.04(b)(ix) the Administrative Agent is authorized to make appropriate entries in the Register to reflect any such cancellation.

Notwithstanding the foregoing, if any Event of Default or any payment Default has occurred and is continuing: (i) any consent of Borrower otherwise required under this paragraph shall not be required, and (ii) any consent of the Swing Line Lender or Issuing Bank required under this Section 11.04(b) may be withheld by such person in its sole discretion. Subject to acceptance and recording thereof pursuant to Section 11.04(f), from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement (*provided* that any liability of Borrower to such assignee under Section 2.12, 2.13 or 2.15 shall be limited to the amount, if any, that would have been payable thereunder by Borrower in the absence of such assignment, except to the extent any such amounts are attributable to a Change in Law occurring after the date of such assignment), and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.13, 2.15 and 11.03).

(c) Any assignor of a Loan or seller of a participation hereunder shall be entitled to rely conclusively on a representation of the assignee Lender or Participant in the relevant Assignment and Acceptance or participation agreement, as applicable, that such assignee or purchaser is not an Excluded Lender. None of the Lenders, the Joint Lead Arrangers, the Bookrunner or the Agents shall have any responsibility or liability for monitoring the list or identities of, or enforcing provisions relating to, Excluded Lenders.

(d) The Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for

the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of and interest on the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the “**Register**”). The entries in the Register shall be conclusive in the absence of manifest error, and Borrower, the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower, the Swing Line Lender, the Issuing Bank, the Collateral Agent and any Lender (with respect to its own interest only), at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 11.04(b) and any written consent to such assignment required by Section 11.04(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in Section 11.04(d). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with the requirements of this Section 11.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 11.04(f).

(f) Any Lender shall have the right at any time, without the consent of, or notice to Borrower, the Administrative Agent, the Swing Line Lender, the Issuing Bank or any other person to sell participations to any person (other than any Company or any Affiliate thereof or a natural person) (a “**Participant**”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower, the Administrative Agent, the Collateral Agent, the Swing Line Lender, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) is described in clauses (i), (ii) or (iii) of the proviso to Section 11.02(b) and (2) directly affects such Participant. Subject to Section 11.04(g), each Participant shall be entitled to the benefits of Sections 2.12, 2.13 or 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.04(b). To the extent permitted by Legal Requirements, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; *provided* that such Participant agrees in writing to be subject to Section 2.14(c) as though it were a Lender. Each Lender shall, acting for this purpose as an agent of Borrower, maintain at one of its offices a register for the recordation of the names and addresses of its Participants, and the amount and terms of its participations (including principal amounts and interest thereon); *provided* that no Lender shall be required to disclose or share the information contained in such register with Borrower or any other person, except as required by applicable Legal Requirements (the “**Participant Register**”).

(g) A Participant shall not be entitled to receive any greater payment under Sections 2.12, 2.13 or 2.15 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 2.15 as though it were a Lender.

(h) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 11.04(h) shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. Without limiting the foregoing, in the case of any Lender that is a fund that invests in bank loans or similar extensions of credit, such Lender may, without the consent of Borrower, the Swing Line Lender, the Issuing Bank, the Administrative Agent or any other person, collaterally assign or pledge all or any portion of its rights under this Agreement, including the Loans and Notes or any other instrument evidencing its rights as a Lender under this Agreement, to any holder of, trustee for, or any other representative of holders of, obligations owed or securities issued, by such fund, as security for such obligations or securities.

(i) Notwithstanding anything to the contrary contained herein, any Lender (a “**Granting Lender**”) may grant to a special purpose funding vehicle (an “**SPC**”), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and Borrower, the option to provide to Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to such Borrower pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof; *provided further* that nothing herein shall make the SPC a “Lender” for the purposes of this Agreement, obligate Borrower or any other Loan Party or the Administrative Agent to deal with such SPC directly, obligate Borrower or any other Loan Party in any manner to any greater extent than they were obligated to the Granting Lender, or increase costs or expenses of Borrower. The Loan Parties and the Administrative Agent shall be entitled to deal solely with, and obtain good discharge from, the Granting Lender and shall not be required to investigate or otherwise seek the consent or approval of any SPC, including for the approval of any amendment, waiver or other modification of any provision of any Loan Document. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States of America or any state thereof. In addition, notwithstanding anything to the contrary contained in this Section 11.04(i), any SPC may (i) with notice to, but without the prior written consent of, Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by Borrower and the Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC.

(j) The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually

executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Legal Requirement, including the Federal Electronic Signatures in Global and National Commerce Act, as amended, the New York State Electronic Signatures and Records Act, as amended, or any other similar state laws based on the Uniform Electronic Transactions Act, as amended.

Section 11.05 **Survival of Agreement.** All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the reports, certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Agents, the Swing Line Lender, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any Obligation (other than contingent indemnification obligations not then payable) or any Letter of Credit is outstanding (or Cash Collateralized) and so long as the Commitments have not expired or terminated. The provisions of Article X and Sections 2.12 to 2.15, 10.06, 11.03 and 11.08 to 11.10 shall survive and remain in full force and effect regardless of the consummation of the Transactions and the other transactions contemplated hereby, the repayment of the Loans, the payment of the Reimbursement Obligations, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 11.06 **Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent and/or the Joint Lead Arrangers, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 11.07 **Severability.** Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 11.08 **Right of Setoff.** If an Event of Default shall have occurred and be continuing, each Lender, the Swing Line Lender, the Issuing Bank and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Legal Requirements, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Swing Line Lender, the Issuing Bank or any such Affiliate to or for the credit or the account of any Loan Party against any and all of the obligations of any Loan Party now or hereafter existing under this Agreement or any other Loan Documents held by such Lender, the Swing Line Lender or the Issuing Bank, irrespective of whether or not such Lender shall have made any demand under this

Agreement or any other Loan Document and although such obligations may be contingent or unmatured or are owed to a branch or office of such Lender, the Swing Line Lender or the Issuing Bank different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender under this Section 11.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have. Each Lender, the Swing Line Lender and the Issuing Bank agrees to notify Borrower and the Administrative Agent promptly after any such setoff and application; *provided, however*, that in no event shall the failure to give such notice effect the validity or enforceability of any such setoffs.

**Section 11.09 Governing Law; Jurisdiction; Consent to Service of Process.** (a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by applicable Legal Requirements, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Legal Requirements. Nothing in this Agreement or any other Loan Document or otherwise shall affect any right that the Administrative Agent, any other Agent, the Swing Line Lender, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Legal Requirements, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in this Section 11.09(c). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Legal Requirements, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in any action or proceeding arising out of or relating to any Loan Document, in the manner provided for notices (other than telecopy or email) in Section 11.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable Legal Requirements.

**Section 11.10 Waiver of Jury Trial.** Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable Legal Requirements, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to any Loan Document, the Transactions or the other transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 11.10.



Section 11.11 **Headings; No Adverse Interpretation of Other Agreements.** Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. This Agreement may not be used to interpret any other loan or debt agreement or instrument of any Company or of any other person. Any such loan or debt agreement or instrument may not be used to interpret this Agreement or any other Loan Document.

Section 11.12 **Confidentiality.** Each of the Administrative Agent, the Swing Line Lender, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' and Approved Funds' directors, officers, employees, agents, advisors and other representatives, including accountants, legal counsel and other advisors (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential pursuant to the terms hereof), (b) to the extent requested by any regulatory authority or any quasi-regulatory authority (such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Legal Requirements or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under the Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 11.12, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower and its obligations, (iii) any actual or prospective investor in an SPC or (iv) any rating agency for the purpose of obtaining a credit rating applicable to any Loan or Loan Party, (g) with the consent of Borrower or (h) to the extent such Information (i) is publicly available at the time of disclosure or becomes publicly available other than as a result of a breach of this Section 11.12 or (ii) becomes available to the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender on a non-confidential basis from a source other than Borrower or any Subsidiary. In addition, the Agents, the Swing Line Lender, the Issuing Bank and the Lenders may disclose the existence of the Loan Documents and information about the Loan Documents to market data collectors, similar service providers to the financing community, and service providers to the Agents, the Swing Line Lender, the Issuing Bank and the Lenders. For the purposes of this Section 11.12, "**Information**" shall mean all information received from Borrower relating to Borrower or any of its Subsidiaries or its business that is clearly identified at the time of delivery as confidential, other than any such information that is available to the Administrative Agent, the Swing Line Lender, the Issuing Bank or any Lender on a non-confidential basis prior to disclosure by Borrower. Any person required to maintain the confidentiality of Information as provided in this Section 11.12 shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord to its own confidential information.

Section 11.13 **Interest Rate Limitation.** Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively, the "**Charges**"), shall exceed the maximum lawful rate (the "**Maximum Rate**") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable Legal Requirements, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the

operation of this **Section 11.13** shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

**Section 11.14 Assignment and Acceptance.** Each Lender to become a party to this Agreement (other than the Administrative Agent and any other Lender that is a signatory hereto) shall do so by delivering to the Administrative Agent an Assignment and Acceptance duly executed by such Lender, Borrower (if Borrower consent to such assignment is required hereunder) and the Administrative Agent.

**Section 11.15 Obligations Absolute.** To the fullest extent permitted by applicable law, all obligations of the Loan Parties hereunder shall be absolute and unconditional irrespective of:

(a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Loan Party;

(b) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto against any Loan Party;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligation or the Specified Hedging Agreement Obligations, or any other amendment or waiver of or any consent to any departure from any Loan Document or any other agreement or instrument relating thereto;

(d) any exchange, release or non-perfection or loss of priority of any Liens on any or all of the Collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations or the Specified Hedging Agreement Obligations;

(e) any exercise or non-exercise, or any waiver of any right, remedy, power or privilege under or in respect hereof or any Loan Document; or

(f) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Loan Parties.

**Section 11.16 Waiver of Defenses; Absence of Fiduciary Duties.** (a) Each of the Loan Parties hereby waives any and all suretyship defenses available to it as a Guarantor arising out of the joint and several nature of its respective duties and obligations hereunder (including any defense contained in Article VII).

(b) Each of the Loan Parties agrees that in connection with all aspects of the transactions contemplated hereby or by the other Loan Documents and any communications in connection therewith, the Loan Parties and their respective Affiliates, on the one hand, and each Lender, SPC and Agent, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of any Lender, SPC or any Agent or any of their respective Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

**Section 11.17 USA Patriot Act.** Each Lender hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name, address and taxpayer identification number of each Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Patriot Act.

Section 11.18 **LEGEND**. THE TERM LOANS HAVE BEEN ISSUED WITH OID FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THESE LOANS MAY BE OBTAINED BY WRITING TO THE ADMINISTRATIVE AGENT AT THE ADDRESS SET FORTH IN SECTION 11.01.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed by their respective authorized officers or other authorized signatories as of the day and year first above written.

**EPL INTERMEDIATE, INC.**, as Parent and as a Guarantor

By: /s/ Laurance Roberts

Name: Laurance Roberts

Title: CFO

**EL POLLO LOCO, INC.**, as Borrower

By: /s/ Laurance Roberts

Name: Laurance Roberts

Title: CFO

**Signature Page to  
First Lien Credit Agreement**

**JEFFERIES FINANCE LLC,**  
as Administrative Agent and Collateral Agent

By: /s/ E. J. Hess  
Name: E. J. Hess  
Title: Managing Director

**Signature Page to  
First Lien Credit Agreement**

**General Electric Capital Corporation,**  
as Issuing Bank, Swing Line Lender and a Lender

By: /s/ David A. Foshages

Name: David A. Foshages

Title: Authorized Signatory

**Signature Page to  
First Lien Credit Agreement**

**GE Capital Bank**, a Utah industrial loan corporation, as a  
Lender

By: /s/ David A. Foshages

Name: David A. Foshages

Title: Authorized Signatory

**Signature Page to  
First Lien Credit Agreement**

**JEFFERIES FINANCE LLC,**  
as a Lender

By: /s/ E. J. Hess  
Name: E. J. Hess  
Title: Managing Director

**Signature Page to  
First Lien Credit Agreement**



**Schedule 1.01(a)****Existing Litigation**

<u>Name</u>	<u>Venue</u>	<u>Case No.</u>	<u>Nature of Claim</u>
Specialty Risk Services v El Pollo Loco, Inc.; Employers Reinsurance Corporation; and Westport Insurance Corporation	Los Angeles County Superior Court	BC465085	Complaint for Declaratory Relief filed July 8, 2011 regarding handling of workers compensation claim; EPL indemnified by Westport Insurance as part of settlement of coverage dispute on same claim.
Rigoberto Magana v El Pollo Loco	Orange County Superior Court	30-2012-00613901	Purported class action alleging unpaid overtime, missed meal periods and rest breaks and other wage and hour violations on behalf of all hourly restaurant employees in California.
People of the State of California vs.El Pollo Loco, et al.	Los Angeles County Superior Court – South Division	NC057808	Eminent domain takeover of restaurant in Norwalk California by state transportation authority; dispute over equitable reimbursement for goodwill, real estate and fixtures and equipment as well as apportionment with Landlord.
Dietgoal Innovations vs. El Pollo Loco	United States District Court, Central District of California	TBD	Patent infringement case re: interactive meal builder component of website; case transferred from USDC EDTX.
Radha K. Nair vs. El Pollo Loco	Circuit Court of Cook County Illinois	13L000487	Dispute over lease termination for catastrophic loss and related insurance proceeds
Socorro De La Cruz v El Pollo Loco, et al.	Los Angeles County Superior Court	BC494657	Claim for breach of contract, wrongful termination and failure to accommodate
Celvin Juarez v El Pollo Loco and WKS Land Corporation	Los Angeles County Superior Court	VC023427	ADA violations at franchise location
Sylvia Martinez	Nevada Equal Rights Commission	0220-13-0094L	Alleges age and national origin discrimination
Esam Mahmoud	Nevada Equal Rights Commission	0402-13-0143L	Alleges age discrimination
Samuel McKinney	Ca. Dept. of Fair Employment and Housing	62657-29711	Alleges race discrimination and wrongful termination
Carlos Guzman	Ca. Dept. Fair Employment and Housing	Inquiry No. 97919-43981	Complaint for discrimination, harassment and retaliation based on sexual orientation.

**Schedule 1.01(b)**

**Mortgaged Property**

<u>Unit</u>	<u>Address</u>	<u>City/State</u>	<u>Owner</u>
5442	2501 E. Slauson Ave.	Huntington Park, CA	El Pollo Loco, Inc.
5903	2525 Long Beach Blvd.	Long Beach, CA	El Pollo Loco, Inc.
5907	11331 Hawthorne Blvd.	Inglewood, CA	El Pollo Loco, Inc.
5912	8245 E. Santa Ana Canyon	Anaheim Hills, CA	El Pollo Loco, Inc.
5914	12800 Avalon Blvd.	Los Angeles, CA	El Pollo Loco, Inc.
5972	101 East Manchester	Los Angeles, CA	El Pollo Loco, Inc.

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**Schedule 1.01(c)**

**Subsidiary Guarantors**

None

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**Schedule 1.01(d)**

**Pledgors**

El Pollo Loco, Inc.  
EPL Intermediate, Inc.

**Schedule 1.01(e)**

**Closed Stores**

#	Location	Status
5934	Encino, CA	Will not renew lease
5896	North Hollywood, CA	Will not renew lease
5304	El Monte, CA	Will not renew lease
5900	Los Angeles, CA	Will not renew lease

Schedule 1.01(f)

Existing Letters of Credit

<u>Beneficiary</u>	<u>#</u>	<u>\$</u>
ACE Insurance	SM238678W	4,418,086
Southern California Edison	SE450928W	450,000
State of California-Self Insurance Fund	SM238839W	220,000
Tiger Natural Gas	SE451024W	0.00
Total Outstanding Letters of Credit		<u>5,088,086</u>

**Schedule 3.05(b)**

**Real Property**

<u>Unit</u>	<u>Address</u>	<u>City/State</u>	<u>Owner</u>
5327	2501 SOUTH BRISTOL STREET	Santa Ana, CA	El Pollo Loco, Inc.
5442	2501 E. SLAUSON AVE.	Huntington Park, CA	El Pollo Loco, Inc.
5903	2525 LONG BEACH BLVD.	Long Beach, CA	El Pollo Loco, Inc.
5907	11331 HAWTHORNE BLVD.	Inglewood, CA	El Pollo Loco, Inc.
5912	8245 E. SANTA ANA CANYON	Anaheim Hills, CA	El Pollo Loco, Inc.
5914	12800 AVALON BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5931	2403 BABCOCK ROAD	San Antonio, TX	El Pollo Loco, Inc.
5947	4865 E. KINGS CANYON	Fresno, CA	El Pollo Loco, Inc.
5949	1133 SW MILITARY DR.	San Antonio, TX	El Pollo Loco, Inc.
5950	3938 FREDRICKSBURG ROAD	San Antonio, TX	El Pollo Loco, Inc.
5951	6499 N. BLACKSTONE	Fresno, CA	El Pollo Loco, Inc.
5972	101 EAST MANCHESTER	Los Angeles, CA	El Pollo Loco, Inc.
5986	4501 SLAUSON BLVD.	Maywood, CA	El Pollo Loco, Inc.
5991	4645 WEST COMMERCE	San Antonio, TX	El Pollo Loco, Inc.
6009	32089 DATE PALM DR.	Cathedral City, CA	El Pollo Loco, Inc.
3733			
(formerly			
3346)	2830 W FLORIDA AVE	Hemet, CA	El Pollo Loco, Inc.
3424	613 W OLIVE AVE	Merced, CA	El Pollo Loco, Inc.
3429	7087 BROADWAY	Lemon Grove, CA	El Pollo Loco, Inc.
6075	6131 W. LAKE MEAD BLVD.	Las Vegas, N V	El Pollo Loco, Inc.

**Leased Locations**

<u>UNIT</u>	<u>ADDRESS</u>	<u>City/State</u>	<u>Pertains To</u>
5892	2225 PLAZA PARKWAY	Modesto, CA	El Pollo Loco, Inc.
5888	2293 SOUTH VIRGINIA STREET	Reno, N V	El Pollo Loco, Inc.
5891	4600 MACK ROAD	Sacramento, CA	El Pollo Loco, Inc.
5745	9431 SLAUSON AVENUE	Pico Rivera, CA	El Pollo Loco, Inc.
5543	14455 RAMONA BOULEVARD	Baldwin Park, CA	El Pollo Loco, Inc.
5893	678 NORTH WILSON WAY	Stockton, CA	El Pollo Loco, Inc.
5508	81901 HIGHWAY 111	Indio, CA	El Pollo Loco, Inc.
5884	1299 SOUTH WINCHESTER BLVD.	San Jose, CA	El Pollo Loco, Inc.
5352	5415 EL CAJON BOULEVARD	San Diego, CA	El Pollo Loco, Inc.
5398	666 H STREET	Chula Vista, CA	El Pollo Loco, Inc.
5788	1004 MISSION BOULEVARD	Oceanside, CA	El Pollo Loco, Inc.
5692	27375 JEFFERSON AVENUE	Temecula, CA	El Pollo Loco, Inc.
5432	6121 MISSION GORGE ROAD	San Diego, CA	El Pollo Loco, Inc.
5302	1909 NORTH MAIN STREET	Santa Ana, CA	El Pollo Loco, Inc.
5575	1535 PALM AVENUE	San Diego, CA	El Pollo Loco, Inc.
5473	1411 LINCOLN AVENUE	Los Angeles, CA	El Pollo Loco, Inc.
5364	6752 RESEDA BOULEVARD	Reseda, CA	El Pollo Loco, Inc.

5363	1710 HIGHLAND AVENUE	National City, CA	El Pollo Loco, Inc.
5566	120 NORTH EUCLID	Fullerton, CA	El Pollo Loco, Inc.
5486	17240 SATICOY	Van Nuys, CA	El Pollo Loco, Inc.
5703	117 WEST NUEVO ROAD	Perris, CA	El Pollo Loco, Inc.
5936	2780 TAPO CANYON	Simi Valley, CA	El Pollo Loco, Inc.
5924	7120 AVENIDA ENCINAS	Carlsbad, CA	El Pollo Loco, Inc.
5301	503 S. ALVARADO STREET	Los Angeles, CA	El Pollo Loco, Inc.
5304	10612 VALLEY MALL	El Monte, CA	El Pollo Loco, Inc.
5322	1224 SOUTH SOTO STREET	Los Angeles, CA	El Pollo Loco, Inc.
5323	14429 ROSCOE BOULEVARD	Panorama City, CA	El Pollo Loco, Inc.
5340	12909 HARBOR BOULEVARD	Garden Grove, CA	El Pollo Loco, Inc.
5349	408 EAST WASHINGTON BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5355	18571 EAST CHAPMAN AVENUE	Orange, CA	El Pollo Loco, Inc.
5365	14329 LAKEWOOD BLVD.	Downey, CA	El Pollo Loco, Inc.
5374	101 SOUTH HARBOR BOULEVARD	Santa Ana, CA	El Pollo Loco, Inc.
5377	14300 PRAIRIE AVENUE	Hawthorne, CA	El Pollo Loco, Inc.
5378	4058 TWEEDY BLVD.	South Gate, CA	El Pollo Loco, Inc.
5379	2360 FOOTHILL BOULEVARD	La Verne, CA	El Pollo Loco, Inc.
5386	1260 NORTH VINE STREET	Hollywood, CA	El Pollo Loco, Inc.
5389	610 NORTH MAIN STREET	Corona, CA	El Pollo Loco, Inc.
5391	729 WEST LAS TUNAS DRIVE	San Gabriel, CA	El Pollo Loco, Inc.
5397	123 EAST HOLT AVENUE	Pomona, CA	El Pollo Loco, Inc.
5399	16920 GOLDEN WEST	Hunt. Beach, CA	El Pollo Loco, Inc.
5400	110 WEST BALL ROAD	Anaheim, CA	El Pollo Loco, Inc.
5408	1201 SOUTH BEACH BLVD.	Anaheim, CA	El Pollo Loco, Inc.
5410	3959 WILSHIRE BLVD., STE. 1A	Los Angeles, CA	El Pollo Loco, Inc.
5415	2801 CRENSHAW BOULEVARD	Los Angeles, CA	El Pollo Loco, Inc.
5417	262 SOUTH ROSEMEAD BLVD.	Pasadena, CA	El Pollo Loco, Inc.
5420	5386 CHERRY AVENUE	Long Beach, CA	El Pollo Loco, Inc.
5425	88 CORPORATE PARK	Irvine, CA	El Pollo Loco, Inc.
5451	7519 S. ATLANTIC AVE.	Cudahy, CA	El Pollo Loco, Inc.
5462	8239 TOPANGA CANYON ROAD	Canoga Park, CA	El Pollo Loco, Inc.
5468	12121 BROOKHURST STREET	Garden Grove, CA	El Pollo Loco, Inc.
5477	3463 ARTESIA BOULEVARD	Long Beach, CA	El Pollo Loco, Inc.
5479	11870 SANTA MONICA BLVD.	W. Los Angeles, CA	El Pollo Loco, Inc.
5482	5740 IMPERIAL HIGHWAY	South Gate, CA	El Pollo Loco, Inc.
5487	17182 COLIMA ROAD	Hacienda Heights, CA	El Pollo Loco, Inc.
5491	12643 SHERMAN WAY	No. Hollywood, CA	El Pollo Loco, Inc.
5500	7211 WINNETKA AVENUE	Canoga Park, CA	El Pollo Loco, Inc.
5502	1934 W. OLYMPIC BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5509	2230 FOOTHILL BOULEVARD	La Canada, CA	El Pollo Loco, Inc.
5512	6568 VAN NUYS BOULEVARD	Van Nuys, CA	El Pollo Loco, Inc.
5531	11118 LONG BEACH BLVD.	Lynwood, CA	El Pollo Loco, Inc.
5532	5520 SANTA MONICA BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5534	3070 SAN FERNANDO ROAD	Los Angeles, CA	El Pollo Loco, Inc.
5541	235 SOUTH GLENDALE AVENUE	Glendale, CA	El Pollo Loco, Inc.
5544	1565 SEPULVEDA BLVD.	Torrance, CA	El Pollo Loco, Inc.
5550	1702 EAST 17TH STREET	Santa Ana, CA	El Pollo Loco, Inc.
5569	1341 HACIENDA BOULEVARD	La Puente, CA	El Pollo Loco, Inc.
5587	3487 MADISON	Riverside, CA	El Pollo Loco, Inc.
5592	9341 E. FIRESTONE BLVD.	Downey, CA	El Pollo Loco, Inc.



5615	12930 FOOTHILL BOULEVARD	San Fernando, CA	El Pollo Loco, Inc.
5620	18402 YORBA LINDA BLVD.	Yorba Linda, CA	El Pollo Loco, Inc.
5624	11941 S. EARLHAM STREET	Orange, CA	El Pollo Loco, Inc.
5630	426 NORTH LA BREA AVE.	Inglewood, CA	El Pollo Loco, Inc.
5634	9185 CENTRAL AVENUE	Montclair, CA	El Pollo Loco, Inc.
5636	9171 SIERRA AVENUE	Fontana, CA	El Pollo Loco, Inc.
5654	28901 WESTERN AVE., #201	Rancho Palos Verdes, CA	El Pollo Loco, Inc.
5661	5280 PHILADELPHIA STREET	Chino, CA	El Pollo Loco, Inc.
5677	1611 E. KATELLA AVENUE	Orange, CA	El Pollo Loco, Inc.
5737	8301 RESEDA BOULEVARD	Northridge, CA	El Pollo Loco, Inc.
5767	2500 E. IMPERIAL HWY, STE. 186	Brea, CA	El Pollo Loco, Inc.
5773	399 NORTH LAS POSAS	Camarillo, CA	El Pollo Loco, Inc.
5789	750 SOUTH GRAND AVENUE	Glendora, CA	El Pollo Loco, Inc.
5790	1210 WEST COLTON	Redlands, CA	El Pollo Loco, Inc.
5835	1150 WEST ALAMEDA AVE.	Burbank, CA	El Pollo Loco, Inc.
5842	1519 WEST CHAPMAN	Orange, CA	El Pollo Loco, Inc.
5861	13357 RIVERSIDE DRIVE	Sherman Oaks, CA	El Pollo Loco, Inc.
5896	10944-46 MAGNOLIA BLVD.	No. Hollywood, CA	El Pollo Loco, Inc.
5898	200 W. VINEYARD BOULEVARD	Oxnard, CA	El Pollo Loco, Inc.
5900	2904 SOUTH FIGUEROA	Los Angeles, CA	El Pollo Loco, Inc.
5901	111 EAST CARSON	Carson, CA	El Pollo Loco, Inc.
5902	5300 CENTINELA AVENUE	Los Angeles, CA	El Pollo Loco, Inc.
5904	15329 NORMANDIE AVENUE	Gardena, CA	El Pollo Loco, Inc.
5905	800 NORTH SEPULVEDA BLVD.	Manhattan Bch., CA	El Pollo Loco, Inc.
5906	986 SOUTH VERMONT	Los Angeles, CA	El Pollo Loco, Inc.
5907-B	11331 HAWTHORNE BLVD. <sup>1</sup>	Inglewood, CA	El Pollo Loco, Inc.
5908	1200 WEST MANCHESTER BLVD.	Inglewood, CA	El Pollo Loco, Inc.
5909	11624 EAST WASHINGTON	Whittier, CA	El Pollo Loco, Inc.
5910	3740 LA SIERRA AVENUE	Riverside, CA	El Pollo Loco, Inc.
5913	101 EAST COMPTON BOULEVARD	Compton, CA	El Pollo Loco, Inc.
5915	9522 SEPULVEDA BLVD.	North Hills, CA	El Pollo Loco, Inc.
5917	2528 W. COMMONWEALTH	Alhambra, CA	El Pollo Loco, Inc.
5918	2258 SO. ATLANTIC BLVD.	Monterey Park, CA	El Pollo Loco, Inc.
5919	5800 S. VERMONT	Los Angeles, CA	El Pollo Loco, Inc.
5922	521 N. FIRST STREET	Burbank, CA	El Pollo Loco, Inc.
5923	24805 PICO CANYON ROAD	Newhall, CA	El Pollo Loco, Inc.
5929	330 N. ALVARADO ST.	Los Angeles, CA	El Pollo Loco, Inc.
5934	17660 VENTURA BLVD.	Encino, CA	El Pollo Loco, Inc.
5935	22902 PACIFIC PARK DR.	Aliso Viejo, CA	El Pollo Loco, Inc.
5937	3290 W. SHAW	Fresno, CA	El Pollo Loco, Inc.
5938	17307 CRENSHAW BLVD.	Torrance, CA	El Pollo Loco, Inc.
5945	6411 N. SEPULVEDA BLVD, 2G	Van Nuys, CA	El Pollo Loco, Inc.
5948	1125 TRUMAN STREET, C2	San Fernando, CA	El Pollo Loco, Inc.
5955	1380 N. AVALON BLVD.	Wilmington, CA	El Pollo Loco, Inc.
5959	7327 SAN PEDRO AVENUE	San Antonio, TX	El Pollo Loco, Inc.
5969	631 LONG BEACH BLVD.	Long Beach, CA	El Pollo Loco, Inc.
5973	4005 S. DECATUR BLVD.	Las Vegas, NV	El Pollo Loco, Inc.

<sup>1</sup> Parking Lot – store owned

5974	7205 S. EASTERN	Las Vegas, NV	El Pollo Loco, Inc.
5975	3350 W. VERNON AVE.	Los Angeles, CA	El Pollo Loco, Inc.
5976	24365 MAGIC MOUNTAIN PKWY.	Valencia, CA	El Pollo Loco, Inc.
5977	2221 EAST PALMDALE BLVD	Palmdale, CA	El Pollo Loco, Inc.
5978	26930 SIERRA HIGHWAY	Santa Clarita, CA	El Pollo Loco, Inc.
5979	3051 RANCHO VISTA BLVD.	Palmdale, CA	El Pollo Loco, Inc.
5982	1720 E. EDINGER AVE	Santa Ana, CA	El Pollo Loco, Inc.
5983	5319-51 SUNSET BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5984	1006 W. ARROW HIGHWAY <sup>2</sup>	San Dimas, CA	El Pollo Loco, Inc.
5985	2400 E. LAKE MEAD BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
5988	4405 AVALON BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5990	2401 S. DECATUR BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
5993	2990 BRISTOL ST	Costa Mesa, CA	El Pollo Loco, Inc.
5994	9800 N. LAUREL CANYON BLVD	Pacoima, CA	El Pollo Loco, Inc.
6000	5160 E. OLYMPIC BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
6002	9350 W. FM 471	San Antonio, TX	El Pollo Loco, Inc.
6003	2923 W. CRAIG RD.	Las Vegas (North), NV	El Pollo Loco, Inc.
6004	712 W. BEVERLY BLVD.	Montebello, CA	El Pollo Loco, Inc.
6005	8351 SUNLAND BLVD.	Sun Valley, CA	El Pollo Loco, Inc.
6006	1663 S. RIVERSIDE AVE.	Rialto, CA	El Pollo Loco, Inc.
6007	10585 S. EASTERN AVENUE	Henderson, NV	El Pollo Loco, Inc.
6008	67-740 HIGHWAY 111	Cathedral City, CA	El Pollo Loco, Inc.
6011	556 SHAW AVENUE	Clovis, CA	El Pollo Loco, Inc.
6012	2720 CANYON SPRINGS PARKWAY	Riverside, CA	El Pollo Loco, Inc.
6013	142 SOUTH 12TH AVE.	Hanford, CA	El Pollo Loco, Inc.
6014	18292 COLLIER	Lake Elsinore, CA	El Pollo Loco, Inc.
6016	1220 W. FOOTHILL BLVD.	Rialto, CA	El Pollo Loco, Inc.
6018	13850 GOLDEN WEST STREET	Westminster, CA	El Pollo Loco, Inc.
6019	2375 E. SAHARA	Las Vegas, NV	El Pollo Loco, Inc.
6020	16785 SIERRA LAKES PKWY.	Fontana, CA	El Pollo Loco, Inc.
6022	795 W. HERNDON AVENUE	Clovis, CA	El Pollo Loco, Inc.
6023	12821 MORENO BEACH DRIVE	Moreno Valley, CA	El Pollo Loco, Inc.
6024	440 E SILVERADO RANCH BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
6026	12401 FOOTHILL BLVD.	Rancho Cucamonga, CA	El Pollo Loco, Inc.
6027	31783 CASTAIC RD.	Castaic, CA	El Pollo Loco, Inc.
6028	21610 VALLEY BLVD	City Of Industry, CA	El Pollo Loco, Inc.
6029	4188 NORTH BLACKSTONE AVE.	Fresno, CA	El Pollo Loco, Inc.
6030	1180 EAST PHILADELPHIA	Ontario, CA	El Pollo Loco, Inc.
6031	34-620 MONTERREY AVENUE	Palm Desert, CA	El Pollo Loco, Inc.
6032	11928 GARVEY AVE.	El Monte, CA	El Pollo Loco, Inc.
6034	4954 WEST CENTURY BLVD.	Inglewood, CA	El Pollo Loco, Inc.
6036	1881 SOUTH SAN JACINTO AVENUE	San Jacinto, CA	El Pollo Loco, Inc.
6037	2312 S. AZUSA AVENUE	West Covina, CA	El Pollo Loco, Inc.
6041	1496 E. 2nd STREET MARKETPLACE	Beaumont, CA	El Pollo Loco, Inc.
6042	185 N. STEPHANIE AVENUE	Henderson, NV	El Pollo Loco, Inc.

6043	7096 N DURANGO	Las Vegas, NV	El Pollo Loco, Inc.
6047	690 E. HORIZON DRIVE <sup>3</sup>	Henderson, NV	El Pollo Loco, Inc.
6048	3655 RIVERSIDE PLAZA	Riverside, CA	El Pollo Loco, Inc.
6051	745 W. TELEGRAPH	Washington, UT	El Pollo Loco, Inc.
6053	7380 WEST CHEYENNE AVENUE	Las Vegas, NV	El Pollo Loco, Inc.
6054	2505 EAST TROPICANA AVENUE	Las Vegas, NV	El Pollo Loco, Inc.
6055	4011 E CHARLESTON BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
6061	38007 47th STREET	Palmdale, CA	El Pollo Loco, Inc.
6066	274 W. LAKE MEAD PKWY.	Henderson, NV	El Pollo Loco, Inc.
6070	775 BETHEL, STE. 1014	Sanger, CA	El Pollo Loco, Inc.
6073	13421 NEWPORT AVENUE	Tustin, CA	El Pollo Loco, Inc.
6076	15297 E. MISSISSIPPI AVENUE <sup>5</sup>	Aurora, CO	El Pollo Loco, Inc.
6080	6400 LANKERSHIM BLVD.	Hollywood, CA	El Pollo Loco, Inc.
6085	1865 E. 4TH ST.	Ontario, CA	El Pollo Loco, Inc.
6089	1098 N. STATE COLLEGE BLVD.	Anaheim, CA	El Pollo Loco, Inc.
6095	7310 SOUTH RAINBOW BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
6096	501 N. PLACENTIA AVENUE	Fullerton, CA	El Pollo Loco, Inc.
6097	25371 ALICIA PKWY.	Laguna Hills, CA	El Pollo Loco, Inc.
6098	19300 HAWTHORNE BLVD.	Torrance, CA	El Pollo Loco, Inc.
6100	5260 S. FORT APACHE ROAD	Las Vegas, NV	El Pollo Loco, Inc.
9000	3535 HARBOR BLVD. SUITE 100	Costa Mesa, CA	El Pollo Loco, Inc.
9000W	3013-3015 SOUTH HARBOR BLVD. <sup>6</sup>	Santa Ana, CA	El Pollo Loco, Inc.

**Sub-Leased Locations**

<u>Unit</u>	<u>Address</u>	<u>City/State</u>	<u>Pertains to</u>
3287	2225 PLAZA PKWY	Modesto, CA	El Pollo Loco, Inc.
3290	2293 S VIRGINIA ST	Reno, NV	El Pollo Loco, Inc.
3300	4600 MACK RD	Sacramento, CA	El Pollo Loco, Inc.
3303	9431 SLAUSON AVE	Pico Rivera ,CA	El Pollo Loco, Inc.
3305	14455 RAMONA BLVD	Baldwin Park, CA	El Pollo Loco, Inc.
3307	678 NORTH WILSON WY	Stockton, CA	El Pollo Loco, Inc.
3314	81901 HIGHWAY 111	Indio, CA	El Pollo Loco, Inc.
3323	1299 S WINCHESTER	San Jose, CA	El Pollo Loco, Inc.
3328	5415 EL CAJON BLVD	San Diego, CA	El Pollo Loco, Inc.
3335	666 H ST	Chula Vista, CA	El Pollo Loco, Inc.
3336	1004 MISSION BLVD	Oceanside, CA	El Pollo Loco, Inc.
3337	27375 JEFFERSON AVE	Temecula, CA	El Pollo Loco, Inc.
3350	6121 MISSION GORGER D	San Diego, CA	El Pollo Loco, Inc.
3370	1909 NORTH MAIN ST	Santa Ana, CA	El Pollo Loco, Inc.
3377	1535 PALM AVE	San Diego, CA	El Pollo Loco, Inc.

<sup>3</sup> Subleased to Starbucks

<sup>4</sup> Closed

<sup>5</sup> Subleased to Wendy's

<sup>6</sup> Storage Warehouse

3409	1411 LINCOLN AVE	Venice, CA	El Pollo Loco, Inc.
3425	6752 RESEDA BLVD	Reseda, CA	El Pollo Loco, Inc.
3430	1710 HIGHLAND AVE	National City, CA	El Pollo Loco, Inc.
3453	120 N EUCLID	Fullerton, CA	El Pollo Loco, Inc.
3457	17240 SATICOY	Van Nuys, CA	El Pollo Loco, Inc.
3495	117 W NUEVO RD	Perris, CA	El Pollo Loco, Inc.
3675	2780-A TAPO CANYON	Simi Valley, CA	El Pollo Loco, Inc.
3745			
(formerly 3423)	7120 AVENIDA ENCINAS #104	Carlsbad, CA	El Pollo Loco, Inc.

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**Section 3.06(f)**

**Agreements and Orders Materially Affecting Use or Licensing of Intellectual Property**

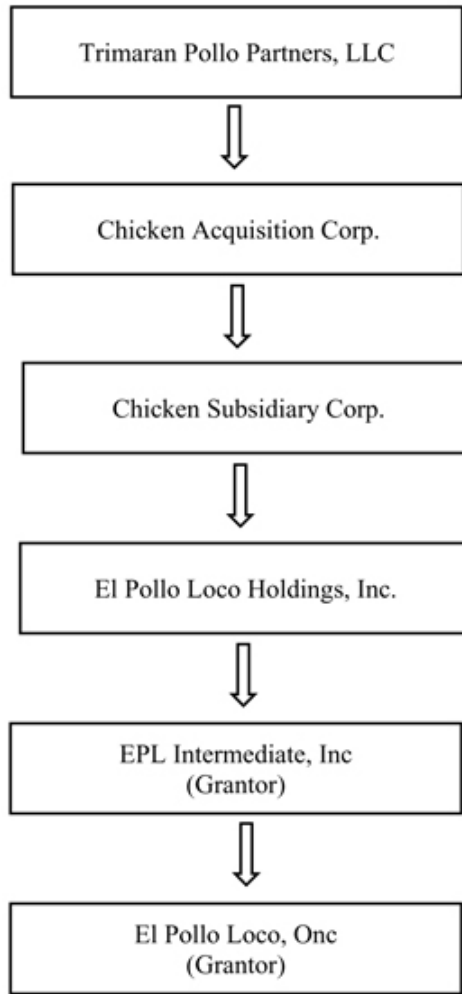
None

**Schedule 3.07(a)**

**Subsidiaries**

<u>Subsidiary</u>	<u>Parent</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>Total Shares Authorized</u>	<u>Par Value/Common Shares</u>
El Pollo Loco, Inc., a Delaware corporation	EPL Intermediate, Inc., a Delaware corporation	100	19,900	20,000	\$0.01 per share

Corporate Organizational Chart



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**Schedule 3.19**

**Insurance**

See Attached.

In addition, EPL Intermediate, Inc. is a named insured on the following policies indicated on the attached - **Property, General Liability, Automobile, and Umbrella, and Franchisor's E&O.**

Coverage is also granted to EPL Intermediate, Inc. as a subsidiary of Chicken Acquisition Corp. on the following policies - Crime, **D&O/EPL/FID.**





# EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
09/20/2013

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME CONTACT PERSON AND ADDRESS  Hub International Northeast Limited -NY 1065 Avenue of the Americas New York, NY 10018	PHONE [A/C, No, Ext.] 212-338-2000	COMPANY NAME AND ADDRESS  Lexington Insurance Company	NAIC NO:
FAX [A/C, No] 212-338-2100	E-MAIL ADDRESS: Paul.Bellaff@HubInternational.com	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE:	SUB CODE:	POLICY TYPE	
AGENCY CUSTOMER ID# 102533		LOAN NUMBER	POLICY NUMBER 025032089
NAMED INSURED AND ADDRESS El Pollo Loco, Inc. 3535 Harbor Blvd Suite 100 Costa Mesa, CA 92626-1437		EFFECTIVE DATE 01/31/2013	EXPIRATION DATE 01/31/2014
ADDITIONAL NAMED INSURED(S) El Pollo Loco, Inc.		CONTINUED UNTIL TERMINATED IF CHECKED	
		THIS REPLACES PRIOR EVIDENCE DATED:	

**PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required)**  BUILDING OR  BUSINESS PERSONAL PROPERTY

LOCATION / DESCRIPTION  
All locations on file with the company

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION	PERILS INSURED	BASIC	BROAD	X	SPECIAL	
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE:	\$ 50,000,000					DED: 10,000
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE		X				IF YES, LIMIT: \$ INCLUDED Actual Loss Sustained; # of months:
BLANKET COVERAGE		X				IF YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE		X				Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?			X			
IS DOMESTIC TERRORISM EXCLUDED?			X			
LIMITED FUNGUS COVERAGE		X				IF YES, LIMIT: DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)		X				
REPLACEMENT COST		X				
AGREED VALUE		X				
COINSURANCE		X				IF YES, %
EQUIPMENT BREAKDOWN (If Applicable)		X				IF YES, LIMIT: \$ Included DED: \$10,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg		X				IF YES, LIMIT: DED:
- Demolition Costs		X				IF YES, LIMIT: \$15,000,000 DED: \$10,000
- Incr. Cost of Construction		X				IF YES, LIMIT: \$15,000,000 DED: \$10,000
EARTHMOVEMENT (If Applicable) Annual Aggregate		X				IF YES, LIMIT: \$10,000,000 DED: \$100,000 MIN
FLOOD (If Applicable) Annual Aggregate		X				IF YES, LIMIT: \$5,000,000 DED: \$100,000 MIN
WIND / HAIL (If Subject to Different Provisions)		X				IF YES, LIMIT: \$ Included DED: \$25,000
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS				X		

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

**ADDITIONAL INTEREST**

<input type="checkbox"/> MORTGAGE	<input type="checkbox"/> CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
<input type="checkbox"/> LENDERS LOSS PAYABLE		
NAME AND ADDRESS		AUTHORIZED REPRESENTATIVE
EVIDENCE PURPOSES ONLY		

ACORD 28 (2011/11)  
DS#7164584

Page 1 of 2

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THIS CERTIFICATE HAS BEEN ISSUED FOR EVIDENCE PURPOSES ONLY.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
09/20/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).


<b>PRODUCER</b> Hub International Northeast Limited -NY 1065 Avenue of the Americas New York NY 10018		<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 212-338-2000 FAX (A/C, No): 212-338-2100 E-MAIL ADDRESS: Paul.Bellaff@HubInternational.com															
<b>INSURED</b> El Pollo Loco, Inc. 3535 Harbor Blvd Suite 100 Costa Mesa, CA 92626-1437		<b>INSURER(S) AFFORDING COVERAGE</b> <table border="1"> <tr> <th>INSURER</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: ACE American Insurance Company</td> <td>22667</td> </tr> <tr> <td>INSURER B: Continental Casualty Company</td> <td>20443</td> </tr> <tr> <td>INSURER C: Hartford Fire Insurance Company</td> <td>19682</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>		INSURER	NAIC #	INSURER A: ACE American Insurance Company	22667	INSURER B: Continental Casualty Company	20443	INSURER C: Hartford Fire Insurance Company	19682	INSURER D:		INSURER E:		INSURER F:	
INSURER	NAIC #																
INSURER A: ACE American Insurance Company	22667																
INSURER B: Continental Casualty Company	20443																
INSURER C: Hartford Fire Insurance Company	19682																
INSURER D:																	
INSURER E:																	
INSURER F:																	

**COVERAGES**      **CERTIFICATE NUMBER:**      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GENTL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC			<b>FMIG24911366-005</b> <b>SIR: \$35,000</b> <b>SIR Agg: \$700,000</b>	01/31/2013	01/31/2014	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (CA occurrence) \$300,000 MED EXP (Any one person) \$0 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/PROP AGG \$2,000,000 <b>Policy Agg</b> \$10,000,000
C	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			<b>10UENKK5338</b> <b>Comprehensive / Collision Deductible \$2,000 / \$2,000</b>	01/31/2013	01/31/2014	COMBINED SINGLE LIMIT (CA accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$			<b>4012440475</b>	01/31/2013	01/31/2014	EACH OCCURRENCE \$25,000,000 AGGREGATE \$25,000,000 \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/REMEMBER EXCLUDED? (Mandatory in NH) if yes, describe under DESCRIPTION OF OPERATIONS below		Y/N	<b>WLRC47127671</b> <b>Deductible: \$250,000</b>	11/01/2012	11/01/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
**THIS CERTIFICATE HAS BEEN ISSUED FOR EVIDENCE PURPOSES ONLY.**

<b>CERTIFICATE HOLDER</b>  EVIDENCE PURPOSES ONLY	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
**3535 Harbor Blvd - Suite 100**  
**Costa Mesa, CA 92626**

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>COMMERCIAL PROPERTY</b>		1/31/2013	1/31/2014	Lexington Insurance Company	025032089	\$ 725,000 (Excludes All Taxes/Fees/Surcharges)
Occurrence Limit / Blanket Limit (See attached Schedule of Locations/Values)	\$ 50,000,000		TIV: \$ 265,758,000			(Taxes/Fees/Surcharges: \$23,200)
<b>Sub-Limits:</b>						
Building, Improvements & Betterments, Signs	Included In Blanket					All Figures are as of Inception.
Business Personal Property / Contents	Included In Blanket					
Business Interruption / Extra Expense	Included In Blanket					
Extra Expense	\$ 10,000,000					
Accounts Receivable / Valuable Papers	\$ 3,000,000					
Backup of Sewers & Drains	\$ 5,000,000					
Building Ordinance/Demolition/Increased Cost of Construction	\$ 15,000,000		(Each Coverage B&C, A is Included with PD Limit)			
CA Earthquake (Per Occurrence / Annual Aggregate)	\$ 10,000,000					
Civil Authority (the lesser of 30 Days or )	\$ 5,000,000					
Contingent Business Interruption (Per Occurrence)	\$ 2,500,000					
Debris Removal (the lesser of 25% or )	\$ 2,500,000					
Earthquake (Per Occurrence / Annual Aggregate)	\$ 25,000,000		Excludes CA EQ			
Electronic Data Processing Equipment / Media	\$ 5,000,000					
Expediting Expense	\$ 5,000,000					
Extended Period of Indemnity	360 Days					
Fine Arts	\$ 250,000					
Flood (Per occurrence / Annual Aggregate)	\$ 25,000,000					
Flood (Per occurrence / Annual Aggregate) (ZONES A/V)	\$ 5,000,000					
Ingress/Egress (the lesser of 30 Days or )	\$ 5,000,000					
Miscellaneous Unnamed Locations	\$ 2,500,000					
Mold/Fungus Resultant Damage	\$ 250,000					
Newly Acquired Locations (Subject to Notification within 90 days)	\$ 5,000,000					
Offsite Storage Locations	\$ 500,000					
Ordinary Payroll	180 Days					
Property in the Course of Construction (Per Occurrence)	\$ 5,000,000		(\$100,000 Soft Costs)			
Property in Transit	\$ 1,000,000					
Service interruption (Property & Time Element Per Occurrence)	\$ 5,000,000		(Limited to 1 miles from an insured premise)			
Unintentional Errors and Omissions	\$ 3,000,000					
<b>Equipment Breakdown Sublimits:</b>						
Equipment Breakdown	\$ 50,000,000					
Extra Expense	\$ 10,000,000					
Contingent Business Interruption (Per Occurrence)	\$ 5,000,000					
Building Ordinance/Demolition/Increased Cost of Construction	\$ 25,000,000		(Each Coverage B&C, A is Included with PD Limit)			
Service Interruption (Property & Time Element Per Occurrence)	\$ 5,000,000					
Electronic Data Processing Equipment / Media	\$ 2,500,000					
Spoilage	\$ 1,000,000					
Extended Period of Indemnity	365 Days					

(Note: This is not a complete list of sub-limits, please refer to the policy for further detail.)

(Continued on next page)

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.”

**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
**3535 Harbor Blvd - Suite 100**  
**Costa Mesa, CA 92626**

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
(Continued from previous page)						
<b>Deductibles:</b>						
Windstorm & Hail	\$ 25,000	(Tier 1 Counties- 5% of TIV / Min: \$250,000)				
<b>Earthquake &amp; EQ Sprinkler Leakage:</b>						
CA Earthquake (Per Occurrence)	5% of the total values at the loss location, subject to minimum of \$100,000					
All Other States	\$ 25,000					
<b>Flood:</b>						
Special Flood Hazard Areas/ Areas of 100-year Flooding (Per Occ.)						
All Other Flood LOSS (Per occurrence)	5% of the total values at the loss location, subject to minimum of \$100,000					
At Vacant Locations	\$ 50,000					
Equipment Breakdown: Spoilage	\$ 75,000					
All Other Perils	\$ 10,000	10% of the loss, subject to minimum of \$10,000				
Service Interruption (Waiting Period)	24 Hours					
<b>COMMERCIAL GENERAL LIABILITY</b>						
		1/31/2013	1/31/2014	Ace American Insurance Co. (ACE)	PMI G24911366-005	\$ 202,692
Policy Aggregate	\$10,000,000					
Products / Completed Operations Aggregate	\$ 2,000,000					
Each Occurrence	\$ 1,000,000					
Personal and Advertising Injury	\$ 1,000,000	Rate: \$.685/\$1,000 Sales				
Damages to Premises Rented (Per Occurrence)	\$ 300,000	Exposure: \$295,929,000				
Medical Expenses	Excluded					
		(Premium to be adjusted at audit)				
		100% Minimum Earned Premium				
<b>Self Insured Retention:</b>						
Each Occurrence	\$ 35,000					
Personal and Advertising Injury	\$ 35,000					
Aggregate	\$ 700,000	Adjustable at a rate of \$2.604 / \$1,000 Sales				
<b>Employee Benefits Liability:</b>						
Each Claim	\$ 1,000,000					
Aggregate	\$ 2,000,000					
Retroactive Date	1/31/2003					
Deductible	\$ 35,000					

Note: TRIA is excluded

Note: Premiums do not include the Loss Deposit Fund, TPA Charges, Claims handling Charges, or Letter of Credit.

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.”

**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
**3535 Harbor Blvd - Suite 100**  
**Costa Mesa, CA 92626**

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>BUSINESS AUTOMOBILE</b>		1/31/2013	1/31/2014	Hartford Insurance Company	10UENKK5338	\$ 28,163
See Attached Schedule of Vehicles and Drivers						
<b>COVERAGES:</b>						
Liability (Symbol 1)	\$ 1,000,000				Exposure: 12 Units at Inception	
Personal Injury Protection [Symbol 5]	STATUTORY					
Added Personal Injury Protection [Symbol 5]	Not Available in States EPL Is In					
Medical Payment (Symbol 5)	\$ 10,000					
Uninsured Motorists (Symbol 2)	\$ 1,000,000					
Underinsured Motorist (Symbol 2)	\$ 1,000,000					
Hired Car Physical Damage	\$ 100,000					
Comprehensive Deductible	\$ 2,000					
Collision Deductible	\$ 2,000					
Rental Reimbursement	\$ 50 Day for 30 Days					
Drive Other Car Coverage	2 Named Drivers					
Full Glass Coverage	Included					

(Formerly B&M Section - Now Included with Property)

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.”

**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
**3535 Harbor Blvd - Suite 100**  
**Costa Mesa, CA 92626**

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>WORKERS' COMPENSATION</b>		11/1/2012	11/1/2013	Ace American Insurance Company (ACE)	WLR C47127671 (Includes All Taxes/Fees/Surcharges)	\$ 504,214
<b>COVERAGES:</b>						
Part One - Workers Compensation (CA, NJ, NV, SC, TX, IL)	STATUTORY					
<b>Part Two - Employers Liability:</b>						
Bodily Injury by Accident (Each Accident)	\$ 1,000,000				Deposit Payroll: \$72,804,083	
Bodily Injury by Disease (Policy Limit)	\$ 1,000,000				G&A Rate: \$0.5919/\$100 Payroll	
Bodily Injury by Disease (Each Employee)	\$ 1,000,000				(Premium to be adjusted at audit)	
<b>DEDUCTIBLE:</b>						
Incident/Accident	\$ 250,000					
Aggregate	N/A					
Note: Premiums do not include the Loss Deposit Fund, TPA Charges, Claims handling Charges, or Letter of Credit.						
<b>COMMERCIAL CRIME COVERAGE (PRIMARY)</b>		11/1/2012	11/1/2013	Zurich American Insurance Company	MPL9804913-01	\$ 28,045
<b>COVERAGES:</b>						
Employee Theft Coverage	\$ 5,000,000					
Forgery/Alteration	\$ 5,000,000					
Transit Coverage	\$ 5,000,000					
On Premises	\$ 5,000,000					
Computer Fraud & Funds Transfer Fraud Coverage	\$ 5,000,000					
Investigative Expense	\$ 100,000					
DEDUCTIBLE (Per claim)	\$ 50,000					
(No Deductible for Employee Benefits Plan or Investigative Expense)						
<b>EXCESS COMMERCIAL CRIME COVERAGE</b>		11/1/2012	11/1/2013	Great American Insurance Company	SAA-314-79-98-01	\$ 10,544
<b>LIMITS:</b>						
Excess Limit	\$ 5,000,000					
Excess of	\$ 5,000,000				(Total: \$10,000,000)	

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.”

**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
 3535 Harbor Blvd - Suite 100  
 Costa Mesa, CA 92626

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>FRANCHISOR'S PROFESSIONAL LIABILITY</b>		11/1/2012	11/1/2013	National Union Fire Insurance Company (Chartis)	01-871-56-09	\$ 91,003
LIMITS:						
Each Wrongful Act	\$ 5,000,000					
Aggregate	\$ 5,000,000					
RETENTION (each wrongful act)	\$ 250,000					
RETROACTIVE DATE	8/21/2008					
(Formerly Employed Lawyers Coverage)						
(Formerly Excess Employed Lawyers Coverage)						
<b>TRADE NAME RESTORATION (FOOD BORNE ILLNESS)</b>		1/31/2013	1/31/2014	Certain Underwriters at Lloyd's of London	330030125298	\$ 128,042 (Excludes All Taxes/Fees/Surcharges)
Aggregate Limit of Indemnity for all Covered Locations	\$20,000,000					
Aggregate Extortion Payment	\$ 100,000					(Taxes/Fees/Surcharges: \$4,247)
Aggregate Supplier Supplier Incident Sub-Limit	\$ 5,000,000					
Incident Response Events	25% of the limit of indemnity for such events					
Inoculation Expense	\$ 250,000					Rate: \$694 / Covered Location + \$50 / Franchise
Workplace Violence Events	\$ 150,000					Exposure: 168 Covered Locations; 229 Franchises
Deductible	\$ 5,000			<u>Workplace Violence Events ONLY</u>		ALL FIGURES ARE AS OF INCEPTION

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.” Page 5 of 7



**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
**3535 Harbor Blvd - Suite 100**  
**Costa Mesa, CA 92626**

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>COMMERCIAL UMBRELLA LIABILITY (PRIMARY)</b>		1/31/2013	1/31/2014	Continental Casualty Company (CNA)	4012440475	\$ 53,000 (Excludes All Taxes/Fees/Surcharges)
<b>LIMITS:</b>						
Each Occurrence	\$25,000,000					
General Aggregate	\$25,000,000					
<b>SELF-INSURED RETENTION:</b>						
Each Occurrence	\$ 10,000					
<b>EXCESS COMMERCIAL UMBRELLA LIABILITY</b>		1/31/2013	1/31/2014	American Guarantee & Liability Ins Co (Zurich)	AEC-5347577-05	\$ 25,250
<b>LIMITS:</b>						
Each Occurrence	\$25,000,000					
Aggregate	\$25,000,000					
Part of (occurrence/aggregate)	\$50,000,000					
Excess of	\$25,000,000					
<b>EXCESS COMMERCIAL UMBRELLA LIABILITY</b>		1/31/2013	1/31/2014	National Surety Corp. (Fireman's Fund)	SHX-000-5781-3578	\$ 25,000
<b>LIMITS:</b>						
Each Occurrence	\$25,000,000					
Aggregate	\$25,000,000					
Part of (occurrence/aggregate)	\$50,000,000					
Excess of	\$25,000,000					
<b>DIRECTORS &amp; OFFICERS LIABILITY (EPL CHARITIES)</b>		11/1/2012	11/1/2013	Philadelphia Indemnity Insurance Company	PHSD788594	\$ 1,154
<b>LIMITS:</b>						
Aggregate	\$ 1,000,000					
<b>RETENTION:</b>						
Judgements, Settlements and Defense Costs						
All Claims	\$ 2,500					

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.”

**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
**3535 Harbor Blvd - Suite 100**  
**Costa Mesa, CA 92626**

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>EXECUTIVE PACKAGE (D&amp;O/EPL/FIDUCIARY)</b>		11/1/2012	11/1/2013	National Union Fire Insurance Company (Chartis)	01-416-60-14	\$ 155,825 (Excludes All Taxes/Fees/Surcharges)
<b>LIMITS:</b>						
Aggregate for all Loss Combined (Including Defense Costs)	\$ 18,000,000					
Directors & Officers Liability (Primary)	\$ 10,000,000	(Investigative Coverage Sublimit: \$150,000. Crisis Management Fund: \$25,000)				
Side A Excess	\$ 500,000					
Employment Practices Liability	\$ 5,000,000					
Fiduciary/Pension Trust Liability	\$ 3,000,000	(Voluntary Compliance Loss Sublimit & HIPPA Penalties Sublimit: \$25,000)				
<b>RETENTION:</b>						
D&O - All Claims (Including private placements)	\$ 150,000					
EPL - All Claims (Company & Indemnifiable Losses)	\$ 150,000					
FID - All Claims	\$ 10,000					
<b>CONTINUITY DATE</b>	11/18/2005					
<b>EXCESS DIRECTORS &amp; OFFICERS LIABILITY (SIDE-A MAX)</b>		11/1/2012	11/1/2013	XL Specialty Insurance Company (XL)	ELU119451-12	\$ 30,000
<b>LIMITS:</b>						
Aggregate	\$ 5,000,000					
Total Underlying	\$ 10,000,000	(Note the underlying can be exhausted by D&O claims that are not Side-A)				
<b>P &amp; P DATE</b>	11/18/2005					
(Formerly D/C Section - Now Included with Property)						

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.”

**Schedule 3.20(c)**

**Offices for Filing Mortgages**

Filing Office

Official Records of Orange County, CA

Official Records of Los Angeles County, CA

Schedule 3.23

Bank Accounts; Deposit Accounts; Investment Accounts

Securities Account

None.

Deposit Accounts

<u>Account Holder</u>	<u>Institution</u>	<u>Location</u>	<u>Acct#</u>	<u>Type</u>
EPL Intermediate, Inc.	Wells Fargo	Carlsbad, CA	4121926612	Master
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121926588	Master
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121926596	Depository
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121935811	EBT Depository
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121932883	Payroll
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121932891	AP
El Pollo Loco, Inc.	Wells Fargo Wells	Carlsbad, CA	4121931125	ACH Royalty Fee Funding

Debt Securities & Investments

El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	28184315	Investment
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**Schedule 4.01(g)(ii)**

**Local Counsel (other than with respect to Mortgaged Properties)**

None.

Schedule 5.13(a)

Title Insurance Amounts

Unit	Address	City/State	Fair Market Value
5442	2501 E. Slauson Ave.	Huntington Park, CA	\$1,827,237
5903	2525 Long Beach Blvd.	Long Beach, CA	\$1,980,385
5907	11331 Hawthorne Blvd.	Inglewood, CA	\$1,651,294
5912	8245 E. Santa Ana Canyon	Anaheim Hills, CA	\$1,564,620
5914	12800 Avalon Blvd.	Los Angeles, CA	\$1,897,103
5972	101 East Manchester	Los Angeles, CA	\$1,961,929

Schedule 6.01(b)

Existing Indebtedness

Capital Leases

Unit#	Location	Balance
5378	South Gate, CA	\$ 60,027
5397	Pomona, CA	\$ 78,977
5835	Burbank, CA	\$ 227,014
5937	Fresno, CA	\$ 310,617
5948	San Fernando, CA	\$ 206,654
6008	Cathedral City, CA	\$ 41,174
3287	Modesto, CA	\$ 92,647
3425	Reseda, CA	\$ 177,227
	Totals	<u>\$1,194,337</u>

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**Schedule 6.02(c)**

**Existing Liens**

Liens with respect to that certain account held by Bank of America, N.A. with account number 12334-63891 for the sole purpose of cash collateralizing outstanding obligations of the Loan Parties to the Bank of America, N.A. with respect to our corporate credit cards; provided that the amount of cash collateral will not at any time exceed \$131,250.00.

Liens on leased equipment pursuant to lease agreements with Canon Financial Services, Inc.



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**Schedule 6.04(b)**

**Existing Investments**

None.

**Initial Lenders and Commitments****Term Loan Commitments**

<u>Lender</u>	<u>Term Loan Commitment</u>	<u>Percentage</u>
Jefferies Finance LLC	\$ 190,000,000	100%
<b>Total</b>	<b>\$ 190,000,000</b>	<b>100%</b>

**Revolving Commitments**

<u>Lender</u>	<u>Revolving Commitments</u>	<u>Percentage</u>
GE Capital Bank	\$ 7,500,000	50%
General Electric Capital Corporation	\$ 7,500,000	50%
<b>Total</b>	<b>\$ 15,000,000</b>	<b>100%</b>

[Form of]  
**ASSIGNMENT AND ACCEPTANCE**

Reference is made to the First Lien Credit Agreement (the “**Credit Agreement**”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), EPL Intermediate, Inc., a Delaware corporation (“**Parent**”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”), as collateral agent for the Secured Parties (in such capacity, the “**Collateral Agent**”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “**Issuing Bank**”) and as swing line lender (in such capacity, the “**Swing Line Lender**”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

1. (the “**Assignor**”) hereby irrevocably sells and assigns, without recourse, to the (the “**Assignee**”), and the Assignee hereby irrevocably purchases and assumes, from the Assignor, without recourse to the Assignor, effective as of the Effective Date set forth below (but not prior to the registration of the information contained herein in the Register pursuant to Section 11.04(d) of the Credit Agreement), the interests set forth below (the “**Assigned Interest**”) in the Assignor’s rights and obligations under the Credit Agreement and the other Loan Documents, including, without limitation, Revolving Commitment, Term Loan Commitment, Revolving Loans, Term Loans and participations held by the Assignor in Letters of Credit which are outstanding immediately before the Effective Date. From and after the Effective Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the Loan Documents and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents.

2. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned hereby free and clear of any lien, encumbrance or other adverse claim created by the Assignor and that its Commitments, and the outstanding balances of its Loans, without giving effect to assignments thereof which have not become effective, are as set forth in this Assignment and Acceptance and (ii) it has all necessary power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) except as set forth in (a) above, the Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, or the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto.

3. The Assignee (a) represents and warrants that (i) it is legally authorized to enter into this Assignment and Acceptance; (ii) it has all necessary power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and become a Lender under the Credit Agreement and the other Loan Documents; and (iii) is an Eligible Assignee; (b) confirms that it has received a copy of the Credit Agreement, the other Loan Documents and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Agents or any Lender and based on such

documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agents to take such action as agents on its behalf and to exercise such powers and discretion under the Credit Agreement and the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agents by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and the other Loan Documents and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement and the other Loan Documents are required to be performed by it as a Lender.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the “**Effective Date**”). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by it and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, in its sole discretion, be earlier than three Business Days after the date of such acceptance and recording by the Administrative Agent). This Assignment and Acceptance will be delivered to the Administrative Agent together with (a) if the Assignee is a Foreign Lender, the forms specified in Section 2.15(e) of the Credit Agreement, duly completed and executed by such Assignee; (b) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire, and (c) a processing and recordation fee of \$[—], if required under Section 11.04(b)(iii) of the Credit Agreement.

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) [to the Assignor for amounts which have accrued to the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date] [to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.]

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Loan Documents (and any Specified Hedging Agreement, if applicable) and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

**SCHEDULE 1**

**to  
Assignment and Acceptance**

Effective Date of Assignment: \_\_\_\_\_  
Legal Name of Assignor: \_\_\_\_\_  
Legal Name of Assignee: \_\_\_\_\_  
Assignee's Address for Notices: \_\_\_\_\_

Percentage Assigned of Applicable Loan/Commitment:

<u>Loan/Commitment</u>	<u>Principal Amount Assigned</u>	<u>Percentage Assigned of applicable Loan/Commitment (set forth, to at least 15 decimals, as a percentage of the Loans and the aggregate Commitments of all Lenders thereunder)</u>
Term Loans	\$	%
Revolving Loans	\$	%
Letters of Credit	\$	%

*[Signature Page Follows]*

The terms set forth above are hereby agreed to:

\_\_\_\_\_

as Assignor

**By:** \_\_\_\_\_

Name:

Title:

\_\_\_\_\_

as Assignor

**By:** \_\_\_\_\_

Name:

Title:

Accepted:\*

**JEFFERIES FINANCE LLC,**  
as Administrative Agent

By: \_\_\_\_\_

Name:

Title:

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_

Name:

Title:

\* To be completed to the extent consent of Borrower and/or the Administrative Agent is required under Section 11.04(b) of the Credit Agreement.

[Form of]  
**BORROWING REQUEST**

Jefferies Finance LLC,  
as Administrative Agent for  
the Lenders referred to below  
520 Madison Avenue  
New York, New York 10022  
Attention: Account Manager – El Pollo Loco (First Lien)  
Facsimile: (212) 284-3444

[General Electric Capital Corporation]<sup>1</sup>

Re: El Pollo Loco, Inc.

[Date]

Ladies and Gentlemen:

Reference is made to the First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement. Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and that in connection therewith sets forth below the terms on which such Borrowing is requested to be made:

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<sup>1</sup> For Revolving Loans.

(A) Class of Borrowing:	[Revolving Borrowing] [Term Borrowing]
(B) Principal amount of Borrowing: <sup>1</sup>	_____
(C) Date of Borrowing (which is a Business Day):	_____
(D) Type of Borrowing:	[ABR Borrowing] [Eurodollar Borrowing]
(E) Interest Period and the last day thereof: <sup>2</sup>	_____
(F) Funds are requested to be disbursed to Borrower's (or, if applicable, Loan Party's) account with:	_____
	Account No. _____

Borrower hereby represents and warrants that the conditions to lending specified in Sections 4.02(b)-(d) of the Credit Agreement are satisfied as of the proposed date of Borrowing (specified above).

*[Signature Page Follows]*

<sup>1</sup> See Section 2.02(a) or Section 2.18 of the Credit Agreement for minimum borrowing amounts.  
<sup>2</sup> To be inserted if a Eurodollar Borrowing and shall be subject to the definition of "Interest Period" in the Credit Agreement.



By: \_\_\_\_\_  
Name:  
Title:

[Form of]  
**COMPLIANCE CERTIFICATE**

This compliance certificate (this “**Certificate**”) is delivered to you pursuant to Section 5.01(d) of the First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

1. I am the duly elected, qualified and acting [*specify type of Financial Officer*] of Borrower.

2. I have reviewed and am familiar with the contents of this Certificate.

3. Attached hereto as Attachment 1 are the financial statements for the fiscal [quarter][year] ended [ ] (the “**Financial Statements**”). I have no knowledge of the existence, as of the date of this Certificate, of any condition or event which constitutes a Default or Event of Default[, except as set forth below].

4. Attached hereto as Attachment 2 are the computations showing compliance with the covenants set forth in Section 6.10 of the Credit Agreement.

[5. Attached hereto as Attachment 3 are the computations showing Borrower’s calculation of “Excess Cash Flow.”]<sup>1</sup>

IN WITNESS WHEREOF, I execute this Certificate this            day of    , 20    .

By: \_\_\_\_\_  
 Name:  
 Title: [Financial Officer]

<sup>1</sup> To be inserted only in connection with the delivery of annual financial statements pursuant to Section 5.01(a) of the Credit Agreement.

ATTACHMENT 1

TO

COMPLIANCE CERTIFICATE

**Financial Statements**

The information described herein is as of [ ], and pertains to [the fiscal [quarter] [year] ended [ ]].

Form of Compliance Certificate

ATTACHMENT 2

TO

COMPLIANCE CERTIFICATE

*[Set forth calculation of financial covenants]*

C-3

Form of Compliance Certificate

ATTACHMENT 3

TO

COMPLIANCE CERTIFICATE<sup>2</sup>

*[Set forth calculation of Excess Cash Flow]*

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<sup>2</sup> To be inserted only in connection with the delivery of annual financial statements pursuant to Section 5.01(a) of the Credit Agreement.

Form of Compliance Certificate

[Form of]  
**INTERCOMPANY NOTE**

INTERCOMPANY SUBORDINATED DEMAND PROMISSORY NOTE

Note Number:

Dated: , 20

FOR VALUE RECEIVED, Parent (as defined below), and each of its Subsidiaries (collectively, the “**Group Members**” and each, a “**Group Member**”) which is a party to this intercompany subordinated demand promissory note (this “**Promissory Note**”) as a Payor (as defined below) promises to pay to the order of such other Group Member that makes loans to such Group Member (each Group Member which borrows money pursuant to this Promissory Note is referred to herein as a “**Payor**” and each Group Member which makes loans and advances pursuant to this Promissory Note is referred to herein as a “**Payee**”), on demand, in lawful money of the United States of America, in immediately available funds and at the appropriate office of the Payee, the aggregate unpaid principal amount of all loans and advances heretofore and hereafter made by such Payee to such Payor and any other indebtedness now or hereafter owing by such Payor to such Payee as shown either on Schedule A attached hereto (and any continuation thereof) or in the books and records of such Payee. The failure to show any such indebtedness or any error in showing such Indebtedness shall not affect the obligations of any Payor hereunder. Unless otherwise defined herein, terms defined in the Credit Agreement (hereinafter defined) and used herein shall have the meanings given to them in the First Lien Credit Agreement (the “**Credit Agreement**”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), EPL Intermediate, Inc., a Delaware corporation (“**Parent**”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”), as collateral agent for the Secured Parties (in such capacity, the “**Collateral Agent**”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “**Issuing Bank**”) and as swing line lender (in such capacity, the “**Swing Line Lender**”).

The unpaid principal amount hereof from time to time outstanding shall bear interest at a rate equal to the rate as may be agreed upon in writing from time to time by the relevant Payor and Payee. Each Payor and any endorser of this Promissory Note hereby waives (to the extent permitted by applicable law) presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note has been pledged by each Payee that is a Loan Party to the First Lien Collateral Agent, for the benefit of the Secured Parties under the First Lien Credit Agreement, as security for such Payee’s Obligations under the Credit Agreement and Specified Hedging Agreement Obligations, the Security Agreements, the other Loan Documents and any Specified Hedging Agreement to which such Payee is a party. Each Payor acknowledges and agrees that, upon the occurrence and during the continuation of an Event of Default under the Credit Agreement, the Collateral Agent may, from time to time, exercise all the rights and remedies of the Payees that are Loan Parties under this Promissory Note in accordance with the terms and conditions of the Intercreditor Agreement, the Credit Agreement, the Security Agreements and the other Loan Documents and such exercise of rights and remedies will not be subject to any abatement, reduction, recoupment, defense (other than indefeasible payment in full in cash), setoff or counterclaim available to such Payor.

Each Payee agrees that any and all claims of such Payee against any Payor that is a Loan Party or any endorser of the obligations of any Payor that is a Loan Party under this Promissory Note, or against

Form of Intercompany Note

any of their respective properties, shall be subordinate and subject in right of payment to the Obligations under the Credit Agreement and Specified Hedging Agreement Obligations until all of such Obligations (other than unasserted contingent indemnification obligations) and the Specified Hedging Agreement Obligations (other than unasserted contingent indemnification obligations) have been performed and indefeasibly paid in full in immediately available funds, no Letters of Credit are outstanding (unless Cash Collateralized), the Commitments under the Credit Agreement have been terminated and the Specified Hedging Agreements have been terminated; *provided*, that each Payor may make payments to the applicable Payee so long as no Event of Default under the Credit Agreement shall have occurred and be continuing; and *provided further*, that upon the waiver, remedy or cure of each such Event of Default, so long as no other Event of Default under the Credit Agreement shall have occurred and be then continuing, such payments shall be permitted, including any payment to bring any missed payments during the period of such Event of Default, current. Notwithstanding any right of any Payee to ask, demand, sue for, take or receive any payment from any Payor, all rights, Liens and security interests of such Payee, whether now or hereafter arising and howsoever existing, in any assets of any Payor that is a Loan Party (whether constituting part of the security or collateral given to the Collateral Agents or any Secured Party under the Credit Agreement to secure payment of all or any part of the Obligations under the Credit Agreement, the Specified Hedging Agreement Obligations or otherwise) shall be and hereby are subordinated to the rights of the Collateral Agents or any Secured Party under the Credit Agreement in such assets. Except as expressly permitted by the Credit Agreement, the other Loan Documents and any Specified Hedging Agreement, the Payees shall have no right to possession of any such asset or to foreclose upon, or exercise any other remedy in respect of, any such asset, whether by judicial action or otherwise, unless and until all of the Obligations under the Credit Agreement (other than unasserted contingent indemnification obligations) and the Specified Hedging Agreement Obligations (other than unasserted contingent indemnification obligations) shall have been performed and indefeasibly paid in full in immediately available funds, no Letters of Credit are outstanding (unless Cash Collateralized), the Commitments under the Credit Agreement have been terminated and the Specified Hedging Agreements have been terminated.

**This Promissory Note shall be binding upon each Payor and its successors and assigns, and the terms and provisions of this Promissory Note shall inure to the benefit of each Payee and their respective successors and assigns, including subsequent holders hereof. Notwithstanding anything to the contrary contained herein, in any other Loan Document or in any other promissory note or other instrument, this Promissory Note (i) replaces and supersedes any and all promissory notes or other instruments which create or evidence any loans or advances made on or before the date hereof by any Payee to any other Group Member, and (ii) shall not be deemed replaced, superseded or in any way modified by any promissory note or other instrument entered into on or after the date hereof which purports to create or evidence any loan or advance by any Payee to any other Group Member (except any amendments or amendments and restatements of this Promissory Note made in accordance with the terms of the Credit Agreement or any supplements to Schedule A hereto made hereby in accordance with the terms hereof).**

**THIS PROMISSORY NOTE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS PROMISSORY NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

The terms and provisions of this Promissory Note are severable, and if any term or provision shall be determined to be superseded, illegal, invalid or otherwise unenforceable in whole or in part pursuant to applicable Legal Requirements by a Governmental Authority having jurisdiction, such determination shall not in any manner impair or otherwise affect the validity, legality or enforceability of that term or provision in any other jurisdiction or any of the remaining terms and provisions of this Promissory Note in any jurisdiction.

From time to time after the date hereof, additional Subsidiaries of Parent may become parties hereto (as Payor and/or Payee, as the case may be) by executing a counterpart signature page to this Promissory Note (each additional Subsidiary, an “**Additional Party**”). Upon delivery of such counterpart signature page to the Payees, notice of which is hereby waived by the other Payors, each Additional Party shall be a Payor and/or a Payee, as the case may be, and shall be as fully a party hereto as if such Additional Party were an original signatory hereof. Each Payor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Payor or Payee hereunder. This Promissory Note shall be fully effective as to any Payor or Payee that is or becomes a party hereto regardless of whether any other person becomes or fails to become or ceases to be a Payor or Payee hereunder.

This Promissory Note may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Promissory Note by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Promissory Note.

*[Signature Page Follows]*

Form of Intercompany Note



IN WITNESS WHEREOF, each Payor and Payee has caused this Intercompany Subordinated Demand Promissory Note to be executed and delivered by its proper and duly authorized officer as of the date set forth above.

**[PAYEE/PAYOR]**

By: \_\_\_\_\_  
Name:  
Title:

Form of Intercompany Note

SCHEDULE A

TRANSACTIONS  
ON  
INTERCOMPANY DEMAND PROMISSORY NOTE

<u>Date</u>	<u>Name of Payor</u>	<u>Name of Payee</u>	<u>Amount of Advance This Date</u>	<u>Amount of Principal Paid This Date</u>	<u>Outstanding Principal Balance from Payor to Payee This Date</u>	<u>Notation Made By</u>

**ENDORSEMENT**

FOR VALUE RECEIVED, each of the undersigned does hereby sell, assign and transfer to \_\_\_\_\_ all of its right, title and interest in and to the Intercompany Subordinated Demand Promissory Note, dated October 11, 2013 (as amended, supplemented, replaced or otherwise modified from time to time, the "**Promissory Note**"), made by Parent and each Subsidiary thereof or any other person that becomes a party thereto, and payable to the undersigned. This endorsement is intended to be attached to the Promissory Note and, when so attached, shall constitute an endorsement thereof.

The initial undersigned shall be the Group Members (as defined in the Promissory Note) that are Loan Parties on the date of the Promissory Note. From time to time after the date thereof, additional Subsidiaries of the Group Members shall become parties to the Promissory Note (each, an "**Additional Payee**") and, if such Subsidiaries are or will become Loan Parties, a signatory to this endorsement by executing a counterpart signature page to the Promissory Note and to this endorsement. Upon delivery of such counterpart signature page to the Payors, notice of which is hereby waived by the other Payees, each Additional Payee shall be a Payee and shall be as fully a Payee under the Promissory Note and a signatory to this endorsement as if such Additional Payee were an original Payee under the Promissory Note and an original signatory hereof. Each Payee expressly agrees that its obligations arising under the Promissory Note and hereunder shall not be affected or diminished by the addition or release of any other Payee under the Promissory Note or hereunder. This endorsement shall be fully effective as to any Payee that is or becomes a signatory hereto regardless of whether any other person becomes or fails to become or ceases to be a Payee under the Promissory Note or hereunder.

Dated: \_\_\_\_\_

[PAYEE], as a Payee

By: \_\_\_\_\_  
Name:  
Title:

[Form of]  
**INTEREST ELECTION REQUEST**

[Date]

Jefferies Finance LLC,  
 as Administrative Agent for  
 the Lenders referred to below  
 520 Madison Avenue  
 New York, New York 10022  
 Attention: Account Manager – El Pollo Loco (First Lien)  
 Telecopy: (212) 284-3444

Re: El Pollo Loco, Inc. Ladies and Gentlemen:

Pursuant to Section 2.08 of the First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”), Borrower hereby gives the Administrative Agent notice that Borrower hereby requests:

**[Option A - Conversion of Eurodollar Borrowings to ABR Borrowings:** to convert \$ \_\_\_\_\_ in principal amount of presently outstanding Eurodollar Borrowings<sup>1</sup> with a final Interest Payment Date of \_\_\_\_\_, to ABR Borrowings on \_\_\_\_\_, (which is a Business Day).]

**[Option B - Conversion of ABR Borrowings to Eurodollar Borrowings:** to convert \$ \_\_\_\_\_ in principal amount of presently outstanding ABR Borrowings<sup>2</sup> to Eurodollar Borrowings on \_\_\_\_\_, (which is a Business Day). The Interest Period for such Eurodollar Borrowings is \_\_\_\_\_ month[s].]

**[Option C - Continuation of Eurodollar Borrowings as Eurodollar Borrowings:** to continue as Eurodollar Borrowings \$ \_\_\_\_\_ in presently outstanding Eurodollar Borrowings<sup>3</sup> with a final Interest Payment Date of \_\_\_\_\_, (which is a Business Day). The Interest Period for such Eurodollar Borrowings is \_\_\_\_\_ month[s].]

- 
- 1 Identify as Eurodollar Term Borrowings or Eurodollar Revolving Borrowings.  
 2 Identify as ABR Term Borrowings or ABR Revolving Borrowings.  
 3 Identify as Eurodollar Term Borrowings or Eurodollar Revolving Borrowings.

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Very truly yours,

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_

Name:

Title

[RESERVED]

[Form of]  
LC REQUEST

[Date]

Jefferies Finance LLC,  
as Administrative Agent  
for the Lenders referred to below  
520 Madison Avenue  
New York, New York 10022  
Attention: Account Manager – El Pollo Loco (First Lien)

General Electric Capital Corporation.,  
as Issuing Bank  
[Address]  
Attention: Account Manager – El Pollo Loco (First Lien)

Re: El Pollo Loco, Inc. Ladies and Gentlemen:

The undersigned, El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), hereby makes reference to that certain First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement. Borrower hereby gives notice, pursuant to Section 2.17(b) of the Credit Agreement, that Borrower hereby requests the issuance of a Letter of Credit under the Credit Agreement, and in connection therewith sets forth below the information relating to such issuance (the “**Proposed Issuance**”):

- (i) The requested date of the Proposed Issuance:  
(which is a Business Day)
- (ii) The face amount of the proposed Letter of Credit: \$
- (iii) The requested expiration date of such Letter of Credit:
- (iv) The Proposed Issuance is requested for the account of [Borrower] [Subsidiary (*provided* that Borrower shall remain jointly and severally liable as co-applicant)].
- (v) The name and address of the beneficiary of such requested Letter of Credit is:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (vi) Any documents to be presented by such beneficiary in connection with any drawing under the requested Letter of Credit, including any certificate(s), application or form of such requested Letter of Credit, are attached hereto as Attachment 1 or described therein.

In connection with a request for an amendment, renewal or extension of any outstanding Letter of Credit, Borrower sets forth the information below relating to such proposed amendment, renewal or extension:

- (i) A copy of the outstanding Letter of Credit requested to be amended, renewed or extended is attached hereto as Attachment 2.
- (ii) The proposed date of amendment, renewal or extension thereof: (which shall be a Business Day)
- (iii) The nature of the proposed amendment, renewal or extension:

The undersigned hereby certifies that the following statements are true and correct on the date hereof, and will be true and correct on the date of the Proposed Issuance or, as applicable, on the date that any amendment, renewal or extension of an outstanding Letter of Credit becomes effective hereunder:

(A) the representations and warranties contained in each Loan Document are true and correct in all material respects on and as of the date of the Proposed Issuance, before and immediately after giving effect to the Proposed Issuance requested hereby, as though made on and as of such date, other than any such representations and warranties that, by their terms, are specifically made as of a date other than the date of the Proposed Issuance;

(B) As of the date of and immediately after giving effect to the Proposed Issuance and the application of the proceeds thereof, no Default or Event of Default shall have occurred and be continuing.; and

(C) the LC Exposure does not exceed the LC Commitment and the aggregate amount of Revolving Exposures does not exceed the total Revolving Commitments.

Very truly yours,

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_  
Name:  
Title:



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ATTACHMENT 1

TO

LC REQUEST

[Documents to be Presented in Connection with any Drawing under the Requested Letter of Credit]

G-3

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ATTACHMENT 2

TO

LC REQUEST

[Outstanding Letter of Credit]

G-4

**[FORM OF]  
FEE MORTGAGE**

Attached

H-1

**[Form of]  
TERM NOTE**

[\$ [ ]

New York, New York  
[ ]

FOR VALUE RECEIVED, the undersigned, El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), hereby promises to pay to the order of [ ] or its registered assigns (the “**Lender**”) on the Term Loan Maturity Date (as defined in the Credit Agreement referred to below) in lawful money of the United States and in immediately available funds, the principal amount of [ ] DOLLARS or, if less, the aggregate unpaid principal amount of all Term Loans of the Lender outstanding under the Credit Agreement referred to below, which sum shall be due and payable in such amounts and on such dates as are set forth in the Credit Agreement. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time at the rates, and on the dates, specified in Section 2.06 of the Credit Agreement. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein.

The holder of this Note may endorse and attach a schedule to reflect the date, Type and amount of each Term Loan of the Lender outstanding under the Credit Agreement , the date and amount of each payment or prepayment of principal hereof, and the date of each interest rate conversion or continuation pursuant to Section 2.08 of the Credit Agreement and the principal amount subject thereto; *provided* that the failure of the Lender to make any such recordation (or any error in such recordation) shall not affect the obligations of Borrower hereunder or under the Credit Agreement.

This Note is one of the Notes referred to in the First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”). This Note is subject to the provisions thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein.

This Note is secured and guaranteed as provided in the Credit Agreement and the Security Documents. Reference is hereby made to the Credit Agreement and the Security Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and guarantees, the terms and conditions upon which the security interest and each guarantee was granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence and during the continuation of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive (to the extent permitted by applicable law) presentment, demand, protest and all other notices of any kind.

**THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**

**THIS THIS NOTE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

**EL POLLO LOCO, INC.,**  
as Borrower

By: \_\_\_\_\_  
Name:  
Title:

[Form of]  
**REVOLVING NOTE**

[\$ [ ]

New York, New York  
 [ ]

FOR VALUE RECEIVED, the undersigned, El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), hereby promises to pay to the order of [ ] or its registered assigns (the “**Lender**”) on the Revolving Maturity Date (as defined in the Credit Agreement referred to below) in lawful money of the United States and in immediately available funds, the principal amount of the lesser of (a) [ ] DOLLARS and (b) the aggregate unpaid principal amount of all Revolving Loans of the Lender outstanding under the Credit Agreement referred to below. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time at the rates, and on the dates, specified in Section 2.06 of the Credit Agreement. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein.

The holder of this Note may endorse and attach a schedule to reflect the date, Type and amount of each Revolving Loan of the Lender outstanding under the Credit Agreement, the date and amount of each payment or prepayment of principal hereof, and the date of each interest rate conversion or continuation pursuant to Section 2.08 of the Credit Agreement and the principal amount subject thereto; *provided* that the failure of the Lender to make any such recordation (or any error in such recordation) shall not affect the obligations of Borrower hereunder or under the Credit Agreement.

This Note is one of the Notes referred to in the First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”). This Note is subject to the provisions thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein.

This Note is secured and guaranteed as provided in the Credit Agreement and the Security Documents. Reference is hereby made to the Credit Agreement and the Security Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and guarantees, the terms and conditions upon which the security interest and each guarantee was granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence and during the continuation of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive (to the extent permitted by applicable law) presentment, demand, protest and all other notices of any kind.

**THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**

**THIS NOTE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

**EL POLLO LOCO, INC.,**

as Borrower

By: \_\_\_\_\_

Name:

Title:

[Form of]  
**SWING LINE NOTE**

[\$ [ ]

New York, New York  
 [ ]

FOR VALUE RECEIVED, the undersigned, El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), hereby promises to pay to the order of [ ] or its registered assigns (the “**Lender**”) on the Revolving Maturity Date (as defined in the Credit Agreement referred to below) in lawful money of the United States and in immediately available funds, the principal amount of the lesser of (a) [ ] DOLLARS and (b) the aggregate unpaid principal amount of all Swing Line Loans of the Lender outstanding under the Credit Agreement referred to below. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time at the rates, and on the dates, specified in Section 2.06 of the Credit Agreement. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein.

The holder of this Note may endorse and attach a schedule to reflect the date, Type and amount of each Swing Line Loan of the Lender outstanding under the Credit Agreement, the date and amount of each payment or prepayment of principal hereof, and the date of each interest rate conversion or continuation pursuant to Section 2.08 of the Credit Agreement and the principal amount subject thereto; *provided* that the failure of the Lender to make any such recordation (or any error in such recordation) shall not affect the obligations of Borrower hereunder or under the Credit Agreement.

This Note is one of the Notes referred to in the First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”). This Note is subject to the provisions thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein.

This Note is secured and guaranteed as provided in the Credit Agreement and the Security Documents. Reference is hereby made to the Credit Agreement and the Security Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and guarantees, the terms and conditions upon which the security interest and each guarantee was granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence and during the continuation of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive (to the extent permitted by applicable law) presentment, demand, protest and all other notices of any kind.

**THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**



**THIS NOTE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

**EL POLLO LOCO, INC.,**

as Borrower

By: \_\_\_\_\_

Name:

Title:

[Form of]  
**PERFECTION CERTIFICATE**

In connection with a proposed transaction by and among El Pollo Loco, Inc., a Delaware corporation (“El Pollo”), EPL Intermediate, Inc., a Delaware corporation (“Intermediate”), and any other grantor identified below (together with El Pollo and Intermediate, the “Grantors”), certain financial institutions (the “Lenders”) and Jefferies Finance LLC, as administrative agent and collateral agent for the Lenders (in such capacities, the “Agent”), each Grantor hereby certifies as follows:

**I. CURRENT INFORMATION**

**A. Legal Names, Organizations, Jurisdictions of Organization and Organizational Identification Numbers.** The full and exact legal name (as it appears in each respective certificate or articles of incorporation, limited liability membership agreement or similar organizational documents, in each case as amended to date), the type of organization (or if a particular Grantor is an individual, please indicate so), the jurisdiction of organization (or formation, as applicable), and the organizational identification number (not Federal Taxpayer Identification Number) of each Grantor are as follows:

<u>Name of Grantor</u>	Type of Organization (e.g. corporation, limited liability company, limited partnership)	Jurisdiction of Organization/Formation	Organizational Identification Number

**B. Chief Executive Offices and Mailing Addresses.** The chief executive office address (or the principal residence if a particular Grantor is a natural person) and the preferred mailing address (if different than chief executive office or residence) of each Grantor are as follows:

<u>Name of Grantor</u>	Address of Chief Executive Office (or for natural persons, residence)	Mailing Address (if different than CEO or residence)

**C. Special Grantors.** Except as specifically identified below none of the Grantors is a: (i) transmitting utility (as defined in Section 9-102(a)(80)), (ii) primarily engaged in farming operations (as defined in Section 9-102(a)(35)), (iii) a trust, (iv) a foreign air carrier within the meaning of the federal aviation act of 1958, as amended or (v) a branch or agency of a bank which bank is not organized under the law of the United States or any state thereof.

<u>Name of Grantor</u>	<u>Type of Special Grantor</u>

**D. Trade Names/Assumed Names.**

*Current Trade Names.* Set forth below is each trade name or assumed name currently used by any Grantor or by which any Grantor is known or is transacting any business:

<u>Grantor</u>	<u>Trade/Assumed Name</u>

**E. Changes in Names, Jurisdiction of Organization or Corporate Structure.**

Except as set forth below, no Grantor has changed its name, jurisdiction of organization or its corporate structure in any way (e.g. by merger, consolidation, change in corporate form, change in jurisdiction of organization or otherwise) in the past five (5) years:

<u>Grantor</u>	<u>Date of Change</u>	<u>Description of Change</u>

**F. Prior Addresses.**

Except as set forth below, no Grantor has changed its chief executive office, or principal residence if a particular Grantor is a natural person in the past five (5) years:

<u>Grantor</u>	<u>Prior Address/City/State/Zip Code</u>

**G. Acquisitions of Equity Interests or Assets.**

Except as set forth below, no Grantor has acquired the equity interests of another entity or substantially all the assets of another entity in the past five (5) years:

<u>Grantor</u>	<u>Date of Acquisition</u>	<u>Description of Acquisition</u>

**H. Corporate Ownership and Organizational Structure.**

Attached as Exhibit A hereto is a true and correct chart showing the ownership relationship of each Grantor and all of its affiliates.

**II. INFORMATION REGARDING CERTAIN COLLATERAL**

**A. Investment Related Property.**

**1. Equity Interests.** Set forth below is a list of all equity interests owned by each Grantor together with the type of organization which issued such equity interests (e.g. corporation, limited liability company, partnership or trust):

<u>Issuer</u>	<u>Grantor</u>	<u>Type of Organization</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>% of Interest Pledged</u>	<u>Certificate No. (if uncertificated, please indicate so)</u>	<u>Par Value</u>

**2. Securities Accounts.** Set forth below is a list of all securities accounts in which any Grantor customarily maintains securities or other assets having an aggregate value in excess of \$10,000:

<u>Account Holder</u>	<u>Institution</u>	<u>Account Number</u>	<u>Type</u>

**3. Deposit Accounts.** Set forth below is a list of all bank accounts (checking, savings, money market or the like) for each Grantor:

<u>Account Holder</u>	<u>Institution</u>	<u>Account Number</u>	<u>Type</u>

**4. Debt Securities & Instruments.** Set forth below is a list of all debt securities and instruments owed to any Grantor in the principal amount of greater than \$10,000:

<u>Grantor</u>	<u>Issuer of Instrument</u>	<u>Principal Amount of Instrument</u>	<u>Maturity Date</u>

None.

**B. Intellectual Property.** Set forth below is a list of all copyrights, patents, and trademark, all applications and licenses thereof and other intellectual property owned or used, or hereafter adopted, held or used, by each Grantor:

**1. Copyrights, Copyright Applications and Copyright Licenses**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/Registration No.</u>

**2. Patents, Patent Applications and Patent Licenses**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/Registration No.</u>

**3. Trademarks, Trademark Applications and Trademark Licenses**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/Registration No.</u>

**C. Tangible Personal Property in Possession of Warehousemen, Bailees and Other Third Parties.** Except as set forth below, no persons (including, without limitation, warehousemen and bailees) other than any Grantor have possession of any material amount (fair market value of \$10,000 or more) of tangible personal property of any Grantor:

**D. Tangible Personal Property in Former Article 9 Jurisdictions and Canada.** Set forth below are all the locations within the Commonwealth of Puerto Rico and any Province of Canada where any Grantor currently maintains or has maintained any material amount (fair market value of \$10,000 or more) of its tangible personal property (including goods, inventory and equipment) of such Grantor (whether or not in the possession of such Grantor) in the past five (5) years:

<u>Grantor</u>	<u>Address/City/Province or Commonwealth</u>

**E. Real Estate Related UCC Collateral**

**1. Fixtures.** Set forth below is a summary chart of the counties in which any Grantor owns or leases any real property and a chart of all the locations where any Grantor owns or leases any real property:

**Mortgages**

**F. Books and Records.** Set forth below are all the locations where any Grantor maintains any books or records relating to any Collateral (as defined in that certain Credit Agreement, dated as of June 14, 2011 among El Pollo Loco, Inc., EPL Intermediate, Inc., certain other parties thereto and Jefferies Finance LLC, as administrative agent and as collateral agent) other than any Grantor's Chief Executive Office:

<u>Collateral</u>	<u>Location of Books or Records</u>

**G. Extraordinary Transactions.** Except for those purchases, acquisitions and other transactions set forth below, all of the Collateral has been originated by each Grantor in the ordinary course of business or consists of goods which have been acquired by such Grantor in the ordinary course of business from a person in the business of selling goods of that kind in the past five (5) years:

Description of transaction

**H. Advances.** Set forth below are (i) all advances made by any Grantor to any other Grantor as of the date hereof and (ii) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to any Grantor as of the date hereof:

Description of advance or unpaid intercompany transfer

**I. Commercial Tort Claims.** Set forth below are all "commercial tort claims" (as defined in Article 9 of the UCC) held by each Grantor, including a brief description thereof, which have a value reasonably believed by the Grantor to be, individually or in the aggregate, in excess of \$100,000:

Description of claim

**J. Letter-of-Credit Rights.** Set forth below are all letters of credit issued in favor of each Grantor, as beneficiary thereunder, except to the extent that the face amount, individually or in the aggregate, of all letters of credit not identified below does not exceed \$100,000.

**K. Motor Vehicles.** Set forth below are all motor vehicles (covered by certificates of title or ownership) valued, individually or in the aggregate, at over \$100,000 and owned by each Grantor, and the owner and approximate value of such motor vehicles:

Motor vehicle

Owner

Approximate amount

IN WITNESS WHEREOF, each of the undersigned hereto has caused this Perfection Certificate to be executed as of this [—] day of [—] 20[—] by its officer thereunto duly authorized.

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**EPL INTERMEDIATE, INC.**

By: \_\_\_\_\_  
Name:  
Title:

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EXHIBIT A

ORGANIZATIONAL STRUCTURE

J-1-6

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**Schedule II.B.1**

**El Pollo Loco, Inc.**

**United States Copyright Registrations and Applications**

J-1-7



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**Schedule II.B.3**

**El Pollo Loco, Inc.  
United States Trademark Registrations and Applications**

**El Pollo Loco, Inc.  
United States Trademark Licenses**

J-1-8

Schedule III.C

Leased Property:

<u>Unit</u>	<u>City, State</u>

Sub-Leased Property:

## PERFECTION CERTIFICATE SUPPLEMENT

Reference is hereby made to (i) that certain First Lien Security Agreement, dated as of October 11, 2013 (as amended, amended and restated, supplemented, waived or otherwise modified from time to time in accordance with the provisions hereof, this "Agreement"), is made by El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), and the subsidiary guarantors from time to time party hereto by execution of this Agreement or otherwise by execution of a Joinder Agreement (together with Parent, the "Guarantors"), as pledgors, assignors and debtors (Borrower, together with the Guarantors, and together with any successors, the "Pledgors," and each, a "Pledgor"), is in favor of Jefferies Finance LLC ("Jefferies"), in its capacity as collateral agent pursuant to the Credit Agreement (as hereinafter defined), as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent") and (ii) that certain First Lien Credit Agreement (the "Credit Agreement") dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Secured Parties (in such capacity, the "Collateral Agent") and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the "Issuing Bank") and as swing line lender (in such capacity, the "Swing Line Lender"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement. This Perfection Certificate Supplement is delivered pursuant to Section 5.13(b) of the Credit Agreement.

The undersigned hereby certify to the Administrative Agent and each of the Secured Parties that, as of the date hereof, there has been no change in the information described in the Perfection Certificate delivered on the Closing Date (as supplemented by any perfection certificate supplements delivered prior to the date hereof, the "**Prior Perfection Certificate**"), other than as follows:

1. Current Information. (a) Except as listed on **Schedule 1(a)** hereto, Section I(A) of the Prior Perfection Certificate sets forth the full and exact legal name (as it appears in each respective certificate or articles of incorporation, limited liability membership agreement or similar organizational documents, in each case as amended to date), the type of organization (or if a particular Grantor is an individual, please indicate so), the jurisdiction of organization (or formation, as applicable), and the organizational identification number (not Federal Taxpayer Identification Number) of each Grantor.

(b) Except as listed on **Schedule 1(b)** hereto, Section I(B) of the Prior Perfection Certificate sets forth the chief executive office address (or the principle residence if a particular Grantor is a natural person) and the preferred mailing address (if different than chief executive office or residence) of each Grantor.

(c) Except as listed on **Schedule 1(c)** hereto or as listed in Section I(C) of the Prior Perfection Certificate, none of the Grantors is a: (i) transmitting utility (as defined in UCC Section 9102(a)(80)), (ii) primarily engaged in farming operations (as defined in UCC Section 9-102(a)(35)), (iii) a trust, (iv) a foreign air carrier within the meaning of the Federal Aviation Act of 1958, as amended or (v) a branch or agency of a bank which bank is not organized under the law of the United States or any state thereof.

(d) Except as listed on **Schedule 1(d)** hereto, Section I(D) of the Prior Perfection Certificate sets forth each trade name or assumed name currently used by any Grantor or by which any Grantor is known or is transacting any business.

(e) Except as listed on **Schedule 1(e)** hereto or as listed in Section I(E) of the Prior Perfection Certificate, no Grantor has changed its name, jurisdiction of organization or its corporate structure in any way (e.g. by merger, consolidation, change in corporate form, change in jurisdiction of organization or otherwise).

(f) Except as listed on **Schedule 1(f)** hereto or as listed in Section I(F) of the Prior Perfection Certificate, no Grantor has changed its chief executive office, or principal residence if a particular Grantor is a natural person.

(g) Except as listed on **Schedule 1(g)** hereto or as listed in Section I(G) of the Prior Perfection Certificate, no Grantor has acquired the equity interests of another entity or substantially all the assets of another entity.

(h) [Attached as Exhibit A hereto] [Exhibit A of the Prior Perfection Certificate] is a true and correct chart showing the ownership relationship of each Grantor and all of its affiliates.

## 2. Information Regarding Certain Collateral.

- (a) (i) Except as listed on **Schedule 2(a)(i)** hereto, Section II(A)(1) of the Prior Perfection Certificate sets forth a list of all equity interests owned by each Grantor together with the type of organization which issued such equity interests (e.g. corporation, limited liability company, partnership or trust).
- (ii) Except as listed on **Schedule 2(a)(ii)** hereto, Section II(A)(2) of the Prior Perfection Certificate sets forth a list of all securities accounts in which any Grantor customarily maintains securities or other assets having an aggregate value in excess of \$100,000.
- (iii) Except as listed on **Schedule 2(a)(iii)** hereto, Section II(A)(3) of the Prior Perfection Certificate sets forth a list of all bank accounts (checking, savings, money market or the like) of each Grantor.
- (iv) Except as listed on **Schedule 2(a)(iv)** hereto, Section II(A)(4) of the Prior Perfection Certificate sets forth a list of all debt securities and instruments owed to any Grantor in the principal amount of greater than \$100,000.

(b) Except as listed on **Schedule 2(b)** hereto, Section II(B) of the Prior Perfection Certificate sets forth a list of all copyrights, patents, and trademark, all applications and licenses thereof and other intellectual property owned or used, or hereafter adopted, held or used, by each Grantor.

(c) Except as listed on **Schedule 2(c)** hereto or as listed in Section II(C) of the Prior Perfection Certificate (including any applicable schedule thereto), no persons (including, without limitation, warehousemen and bailees) other than any Grantor have possession of any material amount (fair market value of \$200,000 or more) of tangible personal property of any Grantor.

(d) Except as listed on **Schedule 2(d)** hereto, Section II(D) of the Prior Perfection Certificate sets forth all the locations within the Commonwealth of Puerto Rico and any Province of Canada where any Grantor currently maintains or has maintained any material amount (fair market value of \$200,000 or more) of its tangible personal property (including goods, inventory and equipment) of such Grantor (whether or not in the possession of such Grantor).

(e) Except as listed on **Schedule 2(e)** hereto, Section II(E) of the Prior Perfection Certificate (including any applicable schedule thereto) sets forth a summary chart of the counties in which any Grantor owns or leases any real property and a chart of all the locations where any Grantor owns or leases any real property.

(f) Except as listed on **Schedule 2(f)** hereto, Section II(F) of the Prior Perfection Certificate sets forth all the locations where any Grantor maintains any books or records relating to any Collateral.

(g) Except for those purchases, acquisitions and other transactions set forth on **Schedule 2(g)** hereto or in Section II(G) of the Prior Perfection Certificate, all of the Collateral has been originated by each Grantor in the ordinary course of business or consists of goods which have been acquired by such Grantor in the ordinary course of business from a person in the business of selling goods of that kind.

(h) Except as listed on **Schedule 2(h)** hereto, Section II(H) of the Prior Perfection Certificate sets forth (i) all advances made by any Grantor to any other Grantor as of the date hereof and (ii) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to any Grantor as of the date hereof.

(i) Except as listed on **Schedule 2(i)** hereto, Section II(I) of the Prior Perfection Certificate sets forth all "commercial tort claims" (as defined in Article 9 of the UCC) held by each Grantor, including a brief description thereof, which have a value reasonably believed by the Grantor to be, individually or in the aggregate, in excess of \$500,000.

(j) Except as listed on **Schedule 2(j)** hereto, Section II(J) of the Prior Perfection Certificate sets forth all letters of credit issued in favor of each Grantor, as beneficiary thereunder, except to the extent that the face amount, individually or in the aggregate, of all letters of credit not identified below does not exceed \$200,000.

(k) Except as listed on **Schedule 2(k)** hereto, Section II(K) of the Prior Perfection Certificate sets forth all motor vehicles (covered by certificates of title or ownership) valued, individually or in the aggregate, at over \$200,000 and owned by each Grantor, and the owner and approximate value of such motor vehicles.

3. **No Change.** The undersigned knows of no anticipated change in any of the circumstances or with respect to any of the matters contemplated in **Sections 1 and 2** hereto except as set forth on **Schedule 3** hereto.

The undersigned, on behalf of each Grantor, hereby authorize the Collateral Agent to file financing or continuation statements, and amendments thereto, in all jurisdictions and with all filing offices as the Collateral Agent may determine, in its sole discretion, are necessary or advisable to perfect the security interests granted or to be granted to the Collateral Agent under the Security Agreement. Such financing statements may describe the collateral in the same manner as described in the Security Agreement or may contain an indication or description of collateral that describes such property in any other manner as the Collateral Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the collateral granted to the Collateral Agent, including, without limitation, describing such property as "all assets" or "all personal property."

Dated: [            ]

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*[The remainder of this page has been intentionally left blank]*

IN WITNESS WHEREOF, each of the undersigned hereto has caused this Perfection Certificate Supplement to be executed as of this [ ] day of [ ], 20[ ] by its officer thereunto duly authorized.

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**EPL INTERMEDIATE, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**[[INSERT ALL OTHER GUARANTORS]]**

By: \_\_\_\_\_  
Name:  
Title: ]

**Schedule 1(a)**  
**to Perfection Certificate Supplement**

**Legal Names, Etc.**

<u>Name of Grantor</u>	<u>Type of Organization (e.g. corporation, limited liability company, limited partnership)</u>	<u>Jurisdiction of Organization/ Formation</u>	<u>Organizational Identification Number<sup>3</sup></u>
------------------------	------------------------------------------------------------------------------------------------------------	--------------------------------------------------------	-----------------------------------------------------------------

<sup>3</sup> If a Grantor does not have an organizational identification number, please indicate "none." Additionally, organizational identification numbers are not required for entities organized under the laws of New York, Delaware, Connecticut, Georgia or Ohio for financing statements filed in such states. Such organizational identification numbers nevertheless may be required for financing statements filed in respect of entities organized under the foregoing states but filed in other states, e.g., in respect of fixtures.



**Schedule 1(b)  
to Perfection Certificate Supplement**

**Chief Executive Offices and Mailing Addresses**

Name of Grantor

Address of Chief Executive Office  
(or for natural persons, residence)

Mailing Address (if different than  
CEO or residence)

**Schedule 1(c)  
to Perfection Certificate Supplement**

**Special Grantors**

Name of Grantor

Type of Special Grantor

**Schedule 1(d)  
to Perfection Certificate Supplement**

**Trade Names/Assumed Names**

Grantor

Trade/Assumed Name

**Schedule 1(e)**  
**to Perfection Certificate Supplement**

**Changes in Names, Jurisdiction of Organization or Corporate Structure**

Grantor

Date of Change

Description of Change

J-2-10

**Schedule 1(f)**  
**to Perfection Certificate Supplement**

**Prior Addresses**

Grantor

Prior Address/City/State/Zip Code

J-2-11

**Schedule 1(g)  
to Perfection Certificate Supplement**

**Acquisitions of Equity Interests or Assets**

Grantor

Date of Acquisition

Description of Acquisition

J-2-12

**Schedule 2(a)(i)  
to Perfection Certificate Supplement**

**Equity Interests**

<u>Grantor</u>	<u>Issuer</u>	<u>Type of Organization</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>% of Interest Pledged</u>	<u>Certificate No. (if uncertificated, please indicate so)</u>	<u>Par Value</u>
----------------	---------------	-----------------------------	--------------------------	---------------------------------	------------------------------	----------------------------------------------------------------	------------------

**Schedule 2(a)(ii)**  
**to Perfection Certificate Supplement**

**Securities Accounts**

Grantor

Type of Account

Name & Address of Financial  
Institutions

J-2-14



**Schedule 2(a)(iii)  
to Perfection Certificate Supplement**

**Deposit Accounts**

Account Holder

Institution

Account Number

Type

Reference

J-2-15

**Schedule 2(a)(iv)  
to Perfection Certificate Supplement**

**Debt Securities & Instruments**

Grantor

Issuer of Instrument

Principal Amount of  
Instrument

Maturity Date

J-2-16

**Schedule 2(b)  
to Perfection Certificate Supplement**

**Intellectual Property**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/ Registration No.</u>
----------------	--------------	--------------------------------	---------------	------------------------------------------

J-2-17

**Schedule 2(c)**  
**to Perfection Certificate Supplement**

**Tangible Personal Property in Possession of Warehousemen, Bailees and Other Third Parties**

<u>Grantor</u>	<u>Property</u>	<u>Name &amp; Address of Warehouseman, Bailee or Other Third Party</u>
----------------	-----------------	--------------------------------------------------------------------------------

**Schedule 2(d)  
to Perfection Certificate Supplement**

**Tangible Personal Property in Former Article 9 Jurisdictions and Canada**

Grantor

Address/City/Province or Commonwealth

**Schedule 2(e)**  
**to Perfection Certificate Supplement**

**Real Estate Related UCC Collateral**

**Mortgages**

Unit Address City/State

**Leases, Subleases, Tenancies, Franchise Agreements, Licenses or Other Occupancy Arrangements**

Unit Address City, State Lease Landlord Tenant Lease Date Expiration

**Schedule 2(f)**  
**to Perfection Certificate Supplement**

**Books and Records**

Collateral

Location of Books or Records

J-2-21

**Schedule 2(g)  
to Perfection Certificate Supplement**

**Extraordinary Transactions**

Description of transaction

J-2-22



**Schedule 2(h)**  
**to Perfection Certificate Supplement**

**Advances**

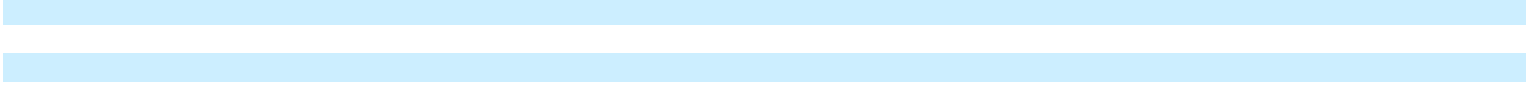
Description of advance or unpaid intercompany transfer

J-2-23

**Schedule 2(i)  
to Perfection Certificate Supplement**

**Commercial Tort Claims**

Description of claim



J-2-24

**Schedule 2(j)  
to Perfection Certificate Supplement**

**Letter-of-Credit Rights**

<u>Description of letter-of-credit right</u>	<u>Amount</u>

**Schedule 2(k)**  
**to Perfection Certificate Supplement**

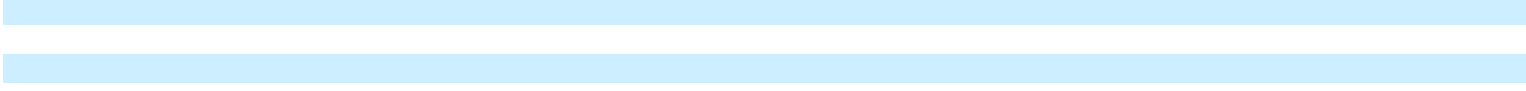
**Motor Vehicles**

<u>Motor vehicle</u>	<u>Owner</u>	<u>Approximate amount</u>

**Schedule 3**  
**to Perfection Certificate Supplement**

**No Change**

Description of change



J-2-27

**Exhibit A**  
**to Perfection Certificate Supplement**

**Corporate Ownership and Organizational Structure**

*[Chart to be attached]*

J-2-28

[Form of]  
**SECURITY AGREEMENT**

[Separately provided]

K-1

[Form of]  
**NON-BANK CERTIFICATE**

Reference is made to the First Lien Credit Agreement (the "Credit Agreement") dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Secured Parties (in such capacity, the "Collateral Agent") and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the "Issuing Bank") and as swing line lender (in such capacity, the "Swing Line Lender").

Pursuant to Section 2.15(e) of the Credit Agreement, the undersigned certifies that it is not a bank (as such term is used in Section 881(c)(3)(A), of the Internal Revenue Code of 1986, as amended).

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

[ADDRESS]

Dated: \_\_\_\_\_, 20



[Form of]  
**SOLVENCY CERTIFICATE**

Reference is made to First Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”) and General Electric Capital Corporation, as issuing bank for the Lenders (in such capacity, the “Issuing Bank”) and as swing line lender (in such capacity, the “Swing Line Lender”). Capitalized terms used but not defined herein shall have the meaning given to such terms in the Credit Agreement. The undersigned, [[ ], Chief Financial Officer of Borrower][ [ ], Chief Executive Officer of Borrower], solely in [his/her] capacity as [Chief Financial Officer][Chief Executive Officer] of Borrower does hereby certify as of the date hereof pursuant to Section 4.01(h) of the Credit Agreement, as follows:

Immediately after the consummation of the Transactions to occur on the Closing Date and immediately following the making of each Credit Extension and after giving effect to the application of the proceeds of each Credit Extension, in each case, on the Closing Date:

- (a) The fair value of the properties of the Loan Parties, taken as a whole on a consolidated basis, will exceed their debts and liabilities, subordinated, contingent or otherwise;
- (b) The present fair saleable value of the property of the Loan Parties, taken as a whole on a consolidated basis, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, taken as a whole, as such debts and other liabilities become absolute and matured;
- (c) The Loan Parties, taken as a whole on a consolidated basis, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured;
- (d) The Loan Parties, taken as a whole on a consolidated basis, will not have unreasonably small capital with which to conduct the business in which they are engaged as such businesses are now conducted and are proposed, contemplated or about to be conducted following the Closing Date;
- (e) For purposes of this solvency certificate (this “**Certificate**”), the amount of contingent liabilities has been computed as the amount that, in the light of all the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability and takes into account contractual and common law rights of contribution among the Guarantors, including the rights of contribution set forth in Section 7.10 of the Credit Agreement;
- (f) No Loan Party intends, in consummating the transactions contemplated by the Credit Agreement, to hinder, delay, or defraud either present or future creditors;

- (g) In reaching the conclusions set forth in this Certificate, the undersigned has considered, among other things:
- (i) the Financial Statements;
  - (ii) the values of each Loan Party's real property, equipment, inventory, accounts receivable and all other property of each Loan Party, real and personal, tangible and intangible;
  - (iii) all Indebtedness of each Loan Party known to the undersigned, including, among other things, any claims arising out of pending or, to the knowledge of any Loan Party, threatened litigation against each Loan Party;
  - (iv) historical and anticipated changes in the sales volume of each Loan Party;
  - (v) the customary terms of trade payables of each Loan Party;
  - (vi) the amount of the credit extended by and to customers of each Loan Party; and
  - (vii) the level of capital customarily maintained by each Loan Party; and
- (h) In reaching the conclusions set forth in this Certificate, the undersigned has made such other inquiries as the undersigned has deemed appropriate, having taken into account the nature of the particular business anticipated to be conducted by each Loan Party after consummation of the Transactions. The undersigned has not in connection with this Certificate engaged the services of any independent expert on asset valuation or appraisal. This certificate is being executed and delivered by the undersigned in his capacity as an officer of the Company and no personal liability will attach to the undersigned in connection with the execution and delivery of this certificate.

The undersigned understands that the Lenders are relying on the truth and accuracy of contents of this Certificate in connection with each Credit Extension made to Borrower pursuant to the Credit Agreement.

*[Signature Page Follows]*

By: \_\_\_\_\_

Name:

Title: Chief Financial Officer

[Form of]  
**MANAGEMENT FEE SUBORDINATION AGREEMENT**

[Separately provided]

N-1

[Form of]  
**INTERCREDITOR AGREEMENT**

[Separately provided]

O-1

**SECOND LIEN CREDIT AGREEMENT**

**dated as of October 11, 2013**

**among**

**EL POLLO LOCO, INC.,  
as Borrower,**

**EPL INTERMEDIATE, INC.,**

**THE OTHER GUARANTORS PARTY HERETO,  
as Guarantors,**

**THE LENDERS PARTY HERETO,**

**and**

**JEFFERIES FINANCE LLC,  
as Administrative Agent and Collateral Agent**

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**JEFFERIES FINANCE LLC  
as Lead Arranger,**

**JEFFERIES FINANCE LLC,  
as Sole Book Runner**

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ANNEXES, SCHEDULES AND EXHIBITS

ANNEX

Annex I Initial Lenders and Commitments

SCHEDULES

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Exhibit F	[Reserved]
Exhibit G	[Reserved]
Exhibit H	Form of Fee Mortgage
Exhibit I	Form of Note
Exhibit J-1	Form of Perfection Certificate
Exhibit J-2	Form of Perfection Certificate Supplement
Exhibit K	Form of Security Agreement
Exhibit L	Form of Non-Bank Certificate
Exhibit M	Form of Solvency Certificate
Exhibit N	Form of Management Fee Subordination Agreement
Exhibit O	Form of Intercreditor Agreement

## SECOND LIEN CREDIT AGREEMENT

This SECOND LIEN CREDIT AGREEMENT (the “**Agreement**”) dated as of October 11, 2013 among EL POLLO LOCO, INC., a Delaware corporation (“**Borrower**”), EPL INTERMEDIATE, INC., a Delaware corporation (“**Parent**”), the Subsidiary Guarantors, the Lenders, JEFFERIES FINANCE LLC as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”) and as collateral agent for the Secured Parties (in such capacity, the “**Collateral Agent**”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

### WITNESSETH:

WHEREAS, Borrower has requested the Lenders to extend credit in the form of Term Loans on the Closing Date, in an aggregate principal amount of \$100,000,000.

WHEREAS, in connection with the Transactions, on the Closing Date, Borrower shall enter into the First Lien Credit Agreement and incur First Lien Term Loans on the Closing Date in the aggregate principal face amount equal to \$190,000,000 or such lesser amount as may be designated by Borrower in its sole discretion.

WHEREAS, the Borrower intends to use the proceeds of the Term Loans and the First Lien Term Loans on the Closing Date to fund the payment-in-full or satisfaction and discharge in full of, and discharge of all obligations under, the Existing Debt (and the release of all Liens, if any, with respect thereto) pursuant to the Existing Debt Repayment Documents.

WHEREAS, the proceeds of the Loans are to be used in accordance with Section 3.12.

WHEREAS, the provisions of this Agreement and the other Loan Documents, on the one hand, and the First Lien Credit Agreement, the First Lien Term Loans and the other First Lien Loan Documents (as between the Secured Parties and the “First Lien Secured Parties” as defined in the Intercreditor Agreement), on the other hand, are subject to the terms of the Intercreditor Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and in the other Loan Documents, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I.

#### DEFINITIONS

Section 1.01 **Defined Terms**. As used in this Agreement, the following terms shall have the meanings specified below:

“**ABR**” when used in reference to any Loan or Borrowing, is used when such Loan comprising such Borrowing is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**ABR Borrowing**” shall mean a Borrowing comprised of ABR Loans.

“**ABR Loan**” Term Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

“**Acquisition Consideration**” shall mean the purchase consideration for a Permitted Acquisition and all other payments (but excluding any related acquisition fees, costs and expenses incurred in connection with any Permitted Acquisition), directly or indirectly, by any Company in exchange for, or as part of, a Permitted Acquisition, whether paid in cash or by exchange of Equity Interest or of any Property or otherwise and

whether payable at or prior to the consummation of a Permitted Acquisition or deferred for payment at any future time; *provided* that any such future payment that is subject to a contingency shall be considered Acquisition Consideration only to the extent of the reserve, if any, required under GAAP (as determined at the time of the consummation of such Permitted Acquisition) to be established in respect thereof by Parent or any of its Subsidiaries.

“**Adjusted LIBOR Rate**” shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the greater of (a) (i) an interest rate *per annum* (rounded upward, if necessary, to the next 1/100th of 1%) determined by the Administrative Agent to be equal to the LIBOR Rate for such Eurodollar Borrowing in effect for such Interest Period divided by (ii) 1 *minus* the Statutory Reserves (if any) for such Eurodollar Borrowing for such Interest Period and (b) 1.00%.

“**Administrative Agent**” shall have the meaning assigned to such term in the preamble hereto and includes each other person appointed as the successor administrative agent pursuant to Article X.

“**Administrative Agent Fees**” shall have the meaning assigned to such term in Section 2.05(b).

“**Administrative Questionnaire**” shall mean an administrative questionnaire in the form supplied from time to time by the Administrative Agent.

“**Advisors**” shall mean legal counsel (including local and foreign counsel, but excluding in-house counsel), auditors, accountants, consultants, appraisers, engineers or other advisors.

“**Affiliate**” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified; *provided, however*, that, for purposes of Section 6.09, the term “Affiliate” shall also include (i) any person that directly or indirectly owns more than 15% of any class of Equity Interests of the person specified or (ii) any person that is an officer or director of the person specified. For purposes of this Agreement, Jefferies LLC and its Affiliates shall be deemed to be Affiliates of Jefferies Finance LLC.

“**Affiliated Debt Fund**” shall mean a bona fide debt fund that is an Affiliate of the Sponsor, and that is primarily engaged in, or advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, notes, bonds and similar extensions of credit or securities in the ordinary course of its business and whose managers have fiduciary duties to the investors thereof independent of and in addition to their duties to the Sponsor or any of their respective Affiliates.

“**Agency Fee Letter**” shall mean the Agency Fee Letter between the Borrower and the Administrative Agent, dated as of the date hereof.

“**Agents**” shall mean the Lead Arranger, the Sole Book Runner, the Administrative Agent and the Collateral Agent; and “**Agent**” shall mean any of them, as the context may require.

“**Agreement**” shall have the meaning assigned to such term in the preamble hereto.

“**Alternate Base Rate**” shall mean, for any day, a rate *per annum* (rounded upward, if necessary, to the next 1/100th of 1%) equal to the greatest of (a) the Base Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day *plus* 0.50% and (c) except during the Eurodollar Unavailability Period, the Adjusted LIBOR Rate for a Eurodollar Loan with a one-month interest period (as determined by the Administrative Agent) *plus* 1.00%. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Base Rate, the Federal Funds Effective Rate or the then applicable Adjusted LIBOR Rate shall be effective on the effective date of such change in the Base Rate, the Federal Funds Effective Rate or the then applicable Adjusted LIBOR Rate, respectively.

“**Anti-Terrorism Laws**” shall have the meaning assigned to such term in Section 3.21.

“**Applicable Margin**” shall mean, for any day, a rate per annum equal to (x) in the case of ABR Loans, 7.50%, and (y) in the case of Eurodollar Loans, 8.50%.

“**Approved Fund**” shall mean any person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or investing in bank and other commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Asset Sale**” shall mean (a) any Disposition of property, by any Company and (b) any issuance, sale or other Disposition of any Equity Interests of any Subsidiary of Parent, in each case, to any person other than a Loan Party. Notwithstanding the foregoing, none of the following shall constitute “Asset Sales”: (i) any disposition of assets permitted by, or expressly referred to in, Sections 6.04(c), 6.04(k), 6.05(a), 6.05(d), 6.05(e), 6.06(a), 6.06(c), 6.06(d), 6.06(g), 6.06(h), 6.06(i), 6.06(j), 6.06(k), 6.06(n), 6.06(o) and 6.06(p) or (ii) solely for purposes of clause (a) above, all other Dispositions of property, by any Company for Fair Market Value resulting in an aggregate amount not to exceed (x) \$2,000,000 in Net Cash Proceeds for any individual Disposition (or series of related Dispositions) and (y) \$4,000,000 in Net Cash Proceeds in the aggregate for any fiscal year.

“**Assignment and Acceptance**” shall mean an assignment and acceptance entered into by a Lender, as assignor and an assignee (with the consent of any party whose consent is required pursuant to Section 11.04(b)), and accepted by the Administrative Agent, substantially in the form of Exhibit A, or such other form as shall be approved by the Administrative Agent.

“**Attributable Indebtedness**” shall mean, when used with respect to any Sale and Leaseback Transaction, as at the time of determination, the present value (discounted at a rate equivalent to Borrower’s then-current weighted average cost of funds for borrowed money as at the time of determination, compounded on a semi-annual basis) of the total obligations of the lessee for rental payments (and substantially similar payments) during the remaining term of the lease included in any such Sale and Leaseback Transaction.

“**Available Amount**” shall mean, on any date of determination (the “**Reference Date**”), the sum of (without duplication):

(a) the Available Retained ECF Amount on such Reference Date; *plus*

(b) an amount determined on a cumulative basis equal to the Net Cash Proceeds received by the Parent or Borrower from Eligible Equity Issuances, to the extent Not Otherwise Applied; *plus*

(c) an amount determined on a cumulative basis equal to the Net Cash Proceeds received by the Borrower from the consummation of an IPO, to the extent Not Otherwise Applied; *minus*

(d) the aggregate amount of (i) Investments made pursuant to Section 6.04(v) using the Available Amount, (ii) Capital Expenditures made pursuant to Section 6.07(b), (iii) Dividends made pursuant to Section 6.08(i) using the Available Amount, and (iv) prepayment of indebtedness pursuant to Section 6.11(a), in each case during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date (without taking account of the intended usage of the Available Amount on such Reference Date); for purposes of calculating the “Available Amount”, the deduction required by this clause (d) shall be deemed first to reduce clause (a) above, then, to the extent of any excess, clause (b) above and then, to the extent of any excess, clause (c) above.

“**Available Retained ECF Amount**” shall mean, at any date of determination, the portion of Excess Cash Flow, determined on a cumulative basis for each Excess Cash Flow Period, that was not required to be applied to prepay Term Loans pursuant to Section 2.10(h).

“**Bankruptcy Proceedings**” shall have the meaning assigned to such term in Section 11.04(b)(vii)(E).

“**Base Rate**” shall mean, for any day, the prime rate published in *The Wall Street Journal* for such day; *provided* that if *The Wall Street Journal* ceases to publish for any reason such rate of interest, “**Base Rate**” shall mean the prime lending rate as set forth on the Bloomberg page PRIMBB Index (or successor page) for such day (or such other service as determined by the Administrative Agent from time to time for purposes of providing quotations of prime lending interest rates); each change in the Base Rate shall be effective on the date such change is effective. The prime rate is not necessarily the lowest rate charged by any financial institution to its customers.

“**Beneficial Owner**” shall have the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time except following an initial public offering of equity of Borrower or any direct or indirect parent of Borrower. The term “beneficial ownership” has a corresponding meaning.

“**Board**” shall mean the Board of Governors of the Federal Reserve System of the United States.

“**Board of Directors**” shall mean, with respect to any person, (i) in the case of any corporation, the board of directors of such person, (ii) in the case of any limited liability company, the board of managers or board of directors, as applicable, of such person, or if such limited liability company does not have a board of managers or board of directors, the functional equivalent of the foregoing, (iii) in the case of any partnership, the board of directors or board of managers, as applicable, of the general partner of such person and (iv) in any other case, the functional equivalent of the foregoing.

“**Borrower**” shall have the meaning assigned to such term in the preamble hereto.

“**Borrowing**” shall mean Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“**Borrowing Request**” shall mean a request by Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit B, or such other form as shall be approved by the Administrative Agent.

“**Business Day**” shall mean any day other than a Saturday, Sunday or other day on which banks in New York City are authorized or required by law to close; *provided, however*, that when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

“**Capital Expenditures**” shall mean, without duplication, any expenditure or commitment to expend money for any purchase or other acquisition of any asset including capitalized leasehold improvements, which would be classified as a fixed or capital asset on a consolidated balance sheet of Borrower and its Subsidiaries prepared in accordance with GAAP, but excluding expenditures (i) made in connection with the replacement, substitution or restoration of property pursuant to Section 2.10 (g), (ii) which constitute purchase consideration for Permitted Acquisitions, (iii) expenditures to the extent reimbursed or paid (or reasonably anticipated to be reimbursed or paid) within 60 days of incurrence (including, without limitation, landlord allowances, which for the avoidance of doubt may be in form of contributions or rent reductions), except that landlord allowances that are in the nature of (x) actual cash reimbursement(s) for new restaurants, may be provided not later than the earliest to occur of (I) 60 days of opening of each such new Restaurant and (II) the date for such



reimbursement as set forth in the applicable lease and (y) rent reductions for new Restaurants may be provided over a period of twenty-four (24) months by a person who is not a Company (or any of Affiliates thereof) in the ordinary course of business, (iv) for equipment or other fixed assets that are purchased in the ordinary course of business substantially contemporaneously with the trade-in of existing equipment in the ordinary course of business to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded-in at such time, (v) so long as no Default or Event of Default under Section 8.01(m) has occurred and is continuing or would immediately thereafter result therefrom, expenditures funded directly with the net cash proceeds of issuances of Qualified Capital Stock of Holdings to its shareholders and only to the extent that the net cash proceeds of such issuances of Qualified Capital Stock are substantially contemporaneously contributed to Parent as cash and substantially contemporaneously, thereafter, contributed by Parent to Borrower as cash (to the extent not otherwise required to be applied to prepay the Loans in accordance with Section 2.10) or (vi) which constitute capitalized interest expense.

“**Capital Expenditure Amount**” shall have the meaning assigned to such term in Section 6.10(c).

“**Capital Lease**” shall mean, with respect to any person, any lease of, or other arrangement conveying the right to use, any property by such person as lessee that has been or should be accounted for as a capital lease on a balance sheet of such person prepared in accordance with GAAP.

“**Capital Lease Obligations**” of any person shall mean the obligations of such person to pay rent or other amounts under any Capital Lease, any lease entered into as part of any Sale and Leaseback Transaction (solely to the extent such lease is required to be accounted for, on the balance sheet of such person, as a Capital Lease under GAAP) or any Synthetic Lease, or a combination thereof, which obligations are (or would be, if such Synthetic Lease were accounted for as a Capital Lease) required to be classified and accounted for as Capital Leases on a balance sheet of such person under GAAP, and the amount of such obligations shall be the capitalized amount thereof (or the amount that would be capitalized, if such Synthetic Lease were accounted for as a Capital Lease) determined in accordance with GAAP.

“**Capital Requirements**” shall mean, as to any person, any matter, directly or indirectly, (i) regarding capital adequacy, capital ratios, capital requirements, the calculation of such person’s capital or similar matters, or (ii) affecting the amount of capital required to be obtained or maintained by such person or any person controlling such person (including any holding company), or the manner in which such person or any person controlling such person (including any holding company), allocates capital to any of its contingent liabilities (including letters of credit), advances, acceptances, commitments, assets or liabilities.

“**Capital Stock**” shall mean: (1) in the case of a corporation, corporate stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and (4) any other equity interest or equity participation similar to an equity interest that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person (excluding, for the purpose of this clause (4), any contractual bonus or performance earn-out payments (in each case, to the extent not involving the grant, payment, issuance or transfer of any item set forth in preceding clauses (1), (2) or (3) or the grant, payment, issuance or transfer of any options or warrants or similar instruments), but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock, and, including, in each case, Preferred Stock.

“**Capitalization Rate**” shall mean the rate of interest used to convert a series of future payments or a stream of payments into a single present value.

“**Cash Equivalents**” shall mean: (1) United States dollars; (2) securities or any evidence of indebtedness issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States

is pledged in support of those securities or such evidence of indebtedness); (3) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any Lender or with any domestic commercial bank having capital and surplus in excess of \$500,000,000 and a Thomson Bank Watch Rating of "B" or better; (4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above; (5) commercial paper having one of the two highest ratings obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within twelve months after the date of acquisition; (6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and (7) securities with maturities of one (1) year or less from the date of acquisition backed by a standby letter of credit issued by any Lender or any commercial bank satisfying the requirements of clause (2) above.

**"Cash Interest Expense"** shall mean, for any period, Consolidated Interest Expense for such period, *less* the sum of (a) to the extent included in the calculation of Consolidated Interest Expense, interest on any debt paid by the increase in the principal amount of such debt including by issuance of additional debt of such kind or the accretion or capitalization of interest as principal and (b) items described in clause (c) or, other than to the extent paid in cash or Cash Equivalents, clauses (b), (c), (d), (e) and (f) of the definition of "Consolidated Interest Expense" *minus*, any cash interest income earned and actually received in cash by the Borrower or its Subsidiaries for such period. For purpose of any Test Period that requires utilizing a number for Cash Interest Expense, Cash Interest Expense for all purposes under this Agreement for each of the fiscal quarters from and including the fourth quarter ending December 26, 2012 through and including the third fiscal quarter ending September 25, 2013 shall be \$4,868,750.

**"Casualty Event"** shall mean any involuntary loss of title or any involuntary loss of or damage to or any destruction of, or any condemnation or other taking (including by any Governmental Authority) of, any property of any Company; provided that any such event resulting in Net Cash Proceeds not exceeding \$2,000,000 per such event and \$4,000,000 for all such events (or series of related events) in any fiscal year, shall not be deemed a "Casualty Event". "Casualty Event" shall include any taking of all or any part of any Real Property of any person or any part thereof, in or by condemnation or other eminent domain proceedings pursuant to any Legal Requirement, or by reason of the temporary requisition of the use or occupancy of all or any part of any Real Property of any person or any part thereof by any Governmental Authority, or any settlement in lieu thereof.

**"CERCLA"** shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 *et seq.*

**"Change in Control"** shall mean the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any "person" (as defined below), other than the Principal and its Related Parties, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Parent, measured by voting power rather than number of shares; (2) prior to an IPO of Parent or any direct or indirect parent of Parent, during any period of 24 consecutive months, a majority of the members of the Board of Directors of Parent cease to be composed of individuals (i) who were members of that Board of Directors at the commencement of such period, (ii) whose election or nomination to that Board of Directors was approved by individuals referred to in preceding clause (i) constituting at the time of such election or nomination at least a majority of that Board of Directors or (iii) whose election or nomination to that Board of Directors was approved by individuals referred to in preceding clauses (i) and (ii) constituting at the time of such election or nomination at least a majority of that Board of Directors (excluding, in the case of both preceding clauses (i) and (ii), any individual whose initial nomination for, or assumption of office as, a member of that Board of Directors occurs as a result of an actual (or threatened) solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board of Directors); (3) after an IPO of Parent or any direct or indirect parent of Parent, the first day on which a

majority of the members of the Board of Directors of Parent are not Continuing Directors; (4) Parent shall cease to beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the Equity Interests of Borrower; or (5) a “change in control” (or similar term), as defined in the First Lien Credit Agreement shall occur.

“**Change in Law**” shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, policy, or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“**Charges**” shall have the meaning assigned to such term in [Section 11.13](#).

“**Claims**” shall have the meaning assigned to such term in [Section 11.03\(b\)](#).

“**Closing Date**” shall mean the date of the initial Credit Extension hereunder.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Collateral**” shall mean, collectively, all of the Security Agreement Collateral, the Mortgaged Property and all other property of whatever kind and nature, whether now existing or hereafter acquired, pledged or purported to be pledged as collateral or otherwise subject to a security interest or purported to be subject to a security interest under any Security Document.

“**Collateral Account**” shall mean one or more collateral accounts or sub-accounts established and maintained from time to time by the Collateral Agent for the benefit of the Secured Parties, in accordance with the provisions of [Section 9.01](#).

“**Collateral Agent**” shall have the meaning assigned to such term in the preamble hereto.

“**Commitment**” shall mean, with respect to each Lender, the commitment, if any, of such Lender to make a Term Loan hereunder in the amount set forth on [Annex I](#) to this Agreement or on [Schedule 1](#) to the Assignment and Acceptance pursuant to which such Lender assumed its Commitment, as applicable, as the same may be reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to [Section 11.04](#). The aggregate principal amount of the Lenders’ Commitments on the Closing Date is \$100,000,000.

“**Commitment Fee**” shall have the meaning assigned to such term in [Section 2.05\(a\)](#).

“**Commodity Exchange Act**” shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“**Communications**” shall have the meaning assigned to such term in [Section 11.01\(d\)](#).

“**Companies**” shall mean Parent and its Subsidiaries; and “**Company**” shall mean any one of them.

“**Compliance Certificate**” shall mean a certificate of a Financial Officer of Parent substantially in the form of [Exhibit C](#).

“**Consolidated Amortization Expense**” shall mean, for any period, the amortization expense of Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“**Consolidated Current Assets**” shall mean, as at any date of determination, the total assets of Borrower and its Subsidiaries which may properly be classified as current assets on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (excluding cash and Cash Equivalents).

“**Consolidated Current Liabilities**” shall mean, as at any date of determination, the total liabilities of Borrower and its Subsidiaries which may properly be classified as current liabilities on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (excluding the current portion of debt).

“**Consolidated Depreciation Expense**” shall mean, for any period, the depreciation expense of Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“**Consolidated EBITDA**” shall mean, for any period, Consolidated Net Income for such period, adjusted by (x) adding thereto, without duplication, in each case only to the extent (and in the same proportion) deducted in determining such Consolidated Net Income during such period:

- (a) Consolidated Interest Expense for such period;
- (b) Consolidated Amortization Expense for such period;
- (c) Consolidated Depreciation Expense for such period;
- (d) Consolidated Tax Expense for such period;
- (e) the aggregate amount of Permitted Parent Payments paid with respect to such period;
- (f) the aggregate amount of all fees, costs and expenses during such period relating to any Equity Issuance (including any IPO), Investments (other than Permitted Acquisitions), Debt Issuance (including a refinancing thereof, whether or not successful) or repayment of Indebtedness, recapitalization, amendment or modification, Asset Sale or other Dispositions;
- (g) the aggregate amount of all other non-cash charges, write-downs, losses, impairments or expenses reducing Consolidated Net Income (excluding any non-cash charge, impairment or expense that results in an accrual of a reserve for cash charges, impairments or expense in any future period or the amortization of a prepaid cash item that was paid in a prior period);
- (h) the aggregate amount of all non-cash costs and expenses relating to any equity-based compensation or equity-based incentive plan or any stock subscription or shareholder agreement of the Borrower or any of its Subsidiaries for such period;
- (i) the aggregate amount of all fees, costs and expenses paid or otherwise incurred or payable in connection with the Transactions (including amortization or write-off of debt discount and debt issuance costs, discounts and other fees and charges associated with the pre-payment of Existing Debt);
- (j) the aggregate amount of all net losses from discontinued operations (that are accounted for as such under GAAP) incurred during such period;
- (k) the aggregate amount of all fees, costs and expenses incurred during such period in connection with any proposed or actual Permitted Acquisition;
- (l) the aggregate amount of all new Restaurant pre-opening and opening costs incurred during such period and documented to the reasonable satisfaction of the Administrative Agent;
- (m) the aggregate amount of all non-cash charges arising with respect to any “mark-to-market” adjustments or other charges incurred in connection with any Hedging Agreements during such period;

(n) the aggregate amount of all rent expense recorded during such period in accordance with GAAP;

(o) the aggregate amount of all fees, costs and expenses paid, or accrued, during such period by the Borrower and its Subsidiaries in connection with (i) Existing Litigation (including with respect to the accrual of the settlement thereof) during such period by the Borrower and its Subsidiaries, (ii) in connection with other litigation in the ordinary course of business not to exceed \$1,000,000 during such period and (iii) other non-recurring litigation (including with respect to the accrual of the settlement thereof) not to exceed \$2,000,000 during such period;

(p) the aggregate amount, without duplication, of all charges and losses during such period relating to (i) operating losses and any reserves established for closed Restaurant liabilities in respect of the Restaurants planned to be closed and listed on Schedule 1.01(e) and (ii) any reserves established and/or adjustments to such reserves for closed Restaurant liabilities for Restaurants not listed on Schedule 1.01(e) not to exceed \$750,000 during such period;

(q) the aggregate amount of costs and expenses related to the administration of this Agreement and the other Loan Documents and the Second Lien Loan Documents and paid or reimbursed to the Administrative Agent, the Collateral Agent or any of the Lenders or other third parties paid or engaged by the Administrative Agent, the Collateral Agent or any of the Lenders (including, and together with, S&P and Moody's in order to comply with the terms of Section 11.03) or paid by any of the Loan Parties;

(r) the amount of "run rate" cost savings and synergies projected by the Borrower in good faith to be realized as a result of specified actions taken or expected in good faith to be taken within twelve (12) months following the end of such period (calculated on a pro forma basis as though such cost savings and synergies had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such action; provided that such cost savings and synergies are reasonably identifiable, factually supportable and certified by the chief financial officer or treasurer of the Borrower;

(s) costs (including restructuring costs related to acquisitions after the Closing Date), charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings or synergies initiatives;

(t) the aggregate amount of expenses or losses incurred by Borrower or its Subsidiaries relating to business interruption to the extent covered by insurance and actually reimbursed or to be reimbursed or otherwise paid to the Borrower or its Subsidiaries;

(u) the aggregate amount of non-recurring fees, costs, charges and expenses (including, but not limited to, integration costs, search fees, relocation costs and severance costs for senior management, abandoned new site costs and restructuring costs) during such period not to exceed \$500,000 during such period; and

(v) any non-recurring fees, costs or expenses for such period incurred in connection with a Permitted Acquisition or any Investment, Disposition, Dividend, incurrence of (or amendments or modifications to) Indebtedness or issuance of Equity Interests, in each case, permitted under this Agreement (in each case, including any such transaction undertaken but not completed).

(y) subtracting therefrom the aggregate amount of (A) all non-cash charges increasing Consolidated Net Income (other than the accrual of revenue or recording of receivables in the ordinary course of business) for such period, (B) all net gains from discontinued operations (that are accounted for as such under GAAP) incurred during such period, (C) all cash rent paid or to be paid related to such period, (E) all reversals of reserves established for closed Restaurant liabilities and (D) all non-cash gains arising with respect to any "mark-to-market" adjustments incurred in connection with any Hedging Agreements during such period.

The aggregate amount of add-backs made pursuant to clauses (l), (r) and (s) above in any Test Period shall not exceed 15.0% of Consolidated EBITDA (prior to giving effects to such add-backs) for such Test Period.

Notwithstanding anything to the contrary in this Agreement, Consolidated EBITDA is defined as follows for the following fiscal quarters; *provided* that if any Permitted Acquisition or Disposition is consummated during a Test Period that includes any fiscal quarter referred to below, then Consolidated EBITDA for such fiscal quarter shall be adjusted on a Pro Forma Basis in accordance with Section 1.05.

<u>Fiscal Quarter</u>	<u>Consolidated EBITDA</u>
March 31, 2013	\$ 12,922,018
June 30, 2013	\$ 15,785,582
September 30, 2013	\$ 13,826,000

“**Consolidated First Lien Debt**” shall mean, as at any date of determination, without duplication, the aggregate amount of all Indebtedness of Borrower and its Subsidiaries that, in each case, is then secured by first priority Liens on property or assets of Borrower and its Subsidiaries (other than property or assets held in a defeasance or similar trust or arrangement for the benefit of the Indebtedness secured thereby), determined on a consolidated basis in accordance with GAAP; *minus* (to the extent otherwise included therein), without duplication:

(a) Indebtedness of the type described in clause (g) of the definition of Indebtedness and Attributable Indebtedness permitted under Section 6.01 with respect to Sale and Leaseback Transactions permitted pursuant to Section 6.03; and

(b) any amount issued under a Letter of Credit (as defined in the First Lien Credit Agreement), excluding any amount then due thereunder (including all outstanding reimbursement obligations thereunder).

“**Consolidated Indebtedness**” shall mean, as at any date of determination, without duplication, the aggregate amount of all Indebtedness of Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; *minus* (to the extent otherwise included therein), without duplication:

(a) Indebtedness of the type described in clause (g) of the definition of Indebtedness and Attributable Indebtedness permitted under Section 6.01 with respect to Sale and Leaseback Transactions permitted pursuant to Section 6.03; and

(b) any amount issued under a Letter of Credit (as defined in the First Lien Credit Agreement), excluding any amount then due thereunder (including all outstanding reimbursement obligations thereunder).

“**Consolidated Interest Coverage Ratio**” shall mean, for any Test Period, the ratio of (x) Consolidated EBITDA for such Test Period to (y) Cash Interest Expense for such Test Period.

“**Consolidated Interest Expense**” shall mean, for any period, the total consolidated interest expense of Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP *plus*, without duplication:

(a) imputed interest on Capital Lease Obligations and Attributable Indebtedness of Borrower and its Subsidiaries for such period;

(b) commissions, discounts and other fees and charges owed by Borrower or any of its Subsidiaries with respect to letters of credit securing financial obligations, bankers' acceptance financing, receivables financings and similar credit transactions for such period;

(c) cash contributions to any employee stock ownership plan or similar trust made by Borrower or any of its Subsidiaries to the extent such contributions are used by such plan or trust to pay interest or fees to any person (other than Borrower or any of its Wholly Owned Subsidiaries) in connection with Indebtedness incurred by such plan or trust for such period;

(d) all interest paid or payable with respect to discontinued operations of Borrower or any of its Subsidiaries for such period;

(e) the interest portion of any deferred payment obligations of Borrower or any of its Subsidiaries for such period; and

(f) all interest on any Indebtedness of Borrower or any of its Subsidiaries of the type described in clause (e) or (j) of the definition of "Indebtedness" for such period;

*provided* that (a) to the extent directly related to the Transactions, debt issuance costs, debt discount or premium and other financing fees, expenses and the amortization thereof shall be excluded from the calculation of Consolidated Interest Expense and (b) Consolidated Interest Expense shall be calculated after giving effect to Hedging Agreements (including associated costs) intended to protect against fluctuations in interest rates, but excluding unrealized gains and losses with respect to any such Hedging Agreements.

**"Consolidated Net Income"** shall mean, for any period, the consolidated net income (or loss) of Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP; *provided* that there shall be excluded from such net income (to the extent otherwise included therein), without duplication:

(a) the net income (or loss) of any person (other than a Subsidiary of Borrower) in which any person other than Borrower or any of its Subsidiaries has an ownership interest, except to the extent that cash in an amount equal to any such income has actually been received by Borrower or (subject to clause (b) below) any of its Wholly Owned Subsidiaries from such person during such period;

(b) the net income of any Subsidiary of Borrower during such period to the extent that the declaration and/or payment of dividends or similar distributions by such Subsidiary of that income is not permitted by operation of the terms of its Organizational Documents or any agreement, instrument, Order or other Legal Requirement (other than any Legal Requirement with respect to minimum capitalization or similar (or related) doctrine or other requirement under Insolvency Laws or otherwise) applicable to that Subsidiary or its equity holders during such period;

(c) earnings (or losses) resulting from any reappraisal, revaluation or write-up (or write-down) of assets;

(d) the cumulative effect of a change in accounting principles will be excluded;

(e) any extraordinary or non-recurring gain (or extraordinary or non-recurring loss), together with any related provision for taxes on any such gain (or the tax effect of any such loss), recorded or recognized by Borrower or any of its Subsidiaries during such period;

(f) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized during such period by Borrower or any of its Subsidiaries upon any Disposition of assets by Borrower or any of its Subsidiaries; and

(g) any gain (or loss) (less all fees and expenses or charges relating thereto), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized during such period by Borrower or any of its Subsidiaries attributable to the early termination or extinguishment of indebtedness, Hedging Agreements or other derivative instruments.

“**Consolidated Tax Expense**” shall mean, for any period, the tax expense (including federal, state, local and foreign income taxes) of Borrower and its Subsidiaries, for such period, determined on a consolidated basis in accordance with GAAP.

“**Contingent Obligation**” shall mean, as to any person, any obligation, agreement, understanding or arrangement of such person guaranteeing or intended to guarantee any Indebtedness, operating leases, dividends or other similar obligations (“**primary obligations**”) of any other person (the “**primary obligor**”) in any manner, whether directly or indirectly, including any obligation, agreement, understanding or arrangement of such person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth, net equity, liquidity, level of income, cash flow or solvency of the primary obligor, (c) to purchase or lease property, securities or services solely for the purpose of assuring the primary obligor of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (d) with respect to bankers’ acceptances, letters of credit and similar credit arrangements, until a reimbursement or equivalent obligation arises (which reimbursement obligation shall constitute a primary obligation), or (e) otherwise to assure or hold harmless the primary obligor of any such primary obligation against loss (in whole or in part) in respect thereof; *provided, however*, that the term “Contingent Obligation” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or any product warranties given in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the lesser of (A) the stated or determinable amount of the primary obligation, or portion thereof, in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such person may be liable, whether singly or jointly, pursuant to the terms of the instrument, agreements or other documents or, if applicable, unwritten agreement, evidencing such Contingent Obligation) and (B) Hedging Termination Value or the maximum reasonably anticipated liability in respect thereof (assuming such person is required to perform thereunder) as determined by such person in good faith.

“**Continuing Directors**” shall mean, as of any date of determination, any member of the Board of Directors of Parent who:

- (a) was a member of such Board of Directors on the date of an initial public offering of Parent or any direct or indirect parent of Parent; or
- (b) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

“**Control**” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ability to exercise voting power, by contract or otherwise, and the terms “**Controlling**” and “**Controlled**” shall have meanings correlative thereto.

“**Control Agreement**” shall have the meaning assigned to such term in the Security Agreement.

“**Controlled Investment Affiliate**” shall mean, as to any person, any other person which directly or indirectly is in Control of, is Controlled by, or is under common Control with, such person and is organized by such person (or any person Controlling such person) primarily for making equity or debt investments, directly or indirectly, in Parent or other portfolio companies of such person.

“**Credit Agreement Refinancing Indebtedness**” shall mean (a) Permitted Pari Passu Refinancing Debt, (b) Permitted Junior Refinancing Debt and (c) Permitted Unsecured Refinancing Debt obtained pursuant to a Refinancing Amendment, in each case, issued, incurred or otherwise obtained (including by means of the extension or renewal of existing Indebtedness) in exchange for, or to extend, renew, replace or refinance, in whole or part, existing Term Loans or Refinancing Term Loans hereunder (including any successive Credit Agreement Refinancing Indebtedness) (“**Refinanced Debt**”); *provided*, that (i) such extending, renewing or



refinancing Indebtedness is in an original aggregate principal amount not greater than the aggregate principal amount of the Refinanced Debt, plus accrued and unpaid capitalized interest, any fee, premium or other reasonable amount paid, and fees, costs and expenses incurred in connection therewith, (ii) such Indebtedness does not have an earlier maturity and a Weighted Average Life to Maturity equal to or greater than the Refinanced Debt, (iii) such Refinanced Debt (other than unasserted contingent indemnification or reimbursement obligations and letters of credit that have been cash collateralized or backstopped in accordance with the terms of the Refinanced Debt) shall be repaid, defeased or satisfied and discharged (and all commitments with respect thereto terminated), and all accrued interest, fees and premiums (if any) in connection therewith shall be paid, on the date such Credit Agreement Refinancing Indebtedness is issued, incurred or obtained, and (iv) such Indebtedness will have terms and conditions (other than pricing, fees and premiums) that are similar to, or, taken as a whole, not materially more favorable to the investors providing such Credit Agreement Refinancing Indebtedness than, the Refinanced Debt (except for covenants and other provisions applicable only to the period after the Latest Maturity Date).

“**Credit Extension**” shall mean the making of a Loan by a Lender.

“**Cure Amount**” shall have the meaning assigned to such term in [Section 8.02\(a\)](#).

“**Cure Notice**” shall have the meaning assigned to such term in [Section 8.02\(a\)](#).

“**Cure Right**” shall have the meaning assigned to such term in [Section 8.02\(a\)](#).

“**Cure Specified Date**” shall mean, with respect to each of the first three fiscal quarters in any fiscal year of the Borrower, on or prior to the date that is 45 days after the end of such fiscal quarter and with respect to the fourth fiscal quarter in any fiscal year of the Borrower, on or prior to the date that is 105 days after the end of such fiscal quarter.

“**Debt Issuance**” shall mean the incurrence by any Company of (x) any Indebtedness after the Closing Date (other than as permitted by [Section 6.01](#)) and (y) any Preferred Stock Issuance.

“**Debt Service**” shall mean, for any period, Cash Interest Expense for such period plus scheduled principal amortization (whether pursuant to this Agreement or otherwise) of all Indebtedness for such period and all premiums or fees related thereto.

“**Default**” shall mean any event, occurrence or condition which is, or upon notice, lapse of time or both would constitute, an Event of Default.

“**Default Excess**” shall have the meaning assigned to such term in [Section 2.16\(c\)](#).

“**Default Period**” shall have the meaning assigned to such term in [Section 2.16\(c\)](#).

“**Default Rate**” shall have the meaning assigned to such term in [Section 2.06\(c\)](#).

“**Defaulting Lender**” shall mean any Lender that has (a) failed to fund its portion of any Borrowing within one Business Day of the date on which it shall have been required to fund the same, unless the subject of a good faith dispute between Borrower and such Lender related hereto, (b) notified Borrower, the Administrative Agent, or any other Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under agreements in which it commits to extend credit generally, (c) failed, within three Business Days after written request by the Administrative Agent or Borrower, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans (unless the subject of a good faith dispute between Borrower and such Lender); *provided* that any such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt of such confirmation by the Administrative Agent or Borrower, (d) otherwise failed to pay over to Borrower, the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one

Business Day of the date when due (unless the subject of a good faith dispute), or (e) (i) been adjudicated as, or determined by any Governmental Authority having regulatory authority over such person or its properties or assets to be, insolvent or (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization or liquidation of its business or custodian, appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment, unless, in the case of any Lender referred to in this clause (e), Borrower and the Administrative Agent shall be satisfied that such Lender intends, and has all approvals required to enable it, to continue to perform its obligations as a Lender hereunder. For the avoidance of doubt, a Lender shall not be deemed to be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in such Lender or its parent by a Governmental Authority, unless such ownership or acquisition results in or provides such Lender with immunity from the jurisdiction of the courts within the U.S. or from the enforcement of judgments, writs of attachment on its assets or permits such Lender or Governmental Authority or instrumentality to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Lender; *provided* that, as of any date of determination, the determination of whether any Lender is a Defaulting Lender hereunder shall not take into account, and shall not otherwise impair, any amounts funded by such Lender which have been assigned by such Lender to an SPC pursuant to Section 11.04(i).

“**Disposition**” shall mean, with respect to any property, any conveyance, sale, lease, sublease, license, assignment, transfer or other disposition of such property (including (i) by way of merger or consolidation, (ii) any Sale and Leaseback Transaction, (iii) any Synthetic Lease and (iv) refranchising).

“**Disqualified Capital Stock**” shall mean any Equity Interest that, (a) by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable or exercisable (in each case, other than solely for Equity Interests which are not otherwise Disqualified Capital Stock), in each case at the option of the holder of the Equity Interest), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Equity Interest, in whole or in part, on or prior to the date that is 91-days after the Latest Maturity Date, (b) is convertible into or exchangeable or exercisable (unless at the sole option of the issuer thereof (in each case, other than solely for Equity Interests which are not otherwise Disqualified Capital Stock)) for (i) debt securities or other indebtedness or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to the date that is 91-days after the Latest Maturity Date, or (c) contains any repurchase or payment obligation (in each case, other than solely for Equity Interests which are not otherwise Disqualified Capital Stock) which may come into effect prior to the date that is 91-days after the Latest Maturity Date.

“**Dividends**” shall mean, with respect to any Person, that such Person has declared or paid a dividend or returned any equity capital to the holders of its Equity Interests or made any other distribution, payment or delivery of property or cash to the holders of its Equity Interests as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for consideration any of its Equity Interests outstanding (or any options or warrants issued by such Person with respect to its Equity Interests), or set aside or otherwise reserved, directly or indirectly, any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for consideration any of the outstanding Equity Interests of such Person (or any options or warrants issued by such Person with respect to its Equity Interests).

“**Dollars**” or “**\$**” shall mean lawful money of the United States.

“**Domestic Subsidiary**” shall mean any Subsidiary other than a Foreign Subsidiary.

“**Eligible Equity Issuance**” shall mean any Equity Issuance (other than any issuance of Disqualified Capital Stock) following the Closing Date (other than to the extent applied or to be applied as a Cure Amount) to the equity holders of Holdings, to the extent the Net Cash Proceeds thereof shall be, within 90 days of the consummation of such Equity Issuance (other than any issuance of Disqualified Capital Stock), contributed to Borrower.

“**Embargoed Person**” shall have the meaning assigned to such term in [Section 6.16](#).

“**Employee Benefit Plan**” shall mean any “employee benefit plan” as defined in Section 3(3) of ERISA which is or was maintained or contributed to by any Company or any of its ERISA Affiliates for the benefit of current or former employees, consultants or directors of any Company or any ERISA Affiliate.

“**Environment**” shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata or sediment, natural resources such as flora and fauna or as otherwise defined in any Environmental Law.

“**Environmental Claim**” shall mean any claim, notice, demand, Order, action, suit, proceeding, or other communication alleging or asserting liability or obligations under Environmental Law, including liability or obligation for investigation, assessment, remediation, removal, cleanup, response, corrective action, monitoring, post-remedial or post-closure studies, investigations, operations and maintenance, injury, damage, destruction or loss to natural resources, personal injury, wrongful death, property damage, fines, penalties or other costs resulting from, related to or arising out of (i) the presence, Release or threatened Release of Hazardous Material in, on, into or from the Environment at any location or (ii) any violation of or non-compliance with Environmental Law, and shall include any claim, notice, demand, Order, action, suit or proceeding seeking damages (including the costs of remediation), contribution, indemnification, cost recovery, penalties, fines, indemnities, compensation or injunctive relief resulting from, related to or arising out of the presence, Release or threatened Release of Hazardous Material or alleged injury or threat of injury to human health relating to Hazardous Materials or the Environment.

“**Environmental Law**” shall mean any and all applicable current and future Legal Requirements relating to human health, pollution or the protection of the Environment, the Release or threatened Release of Hazardous Material, natural resources or natural resource damages, or, to the extent relating to exposure to Hazardous Materials, occupational safety or health.

“**Environmental Permit**” shall mean any permit, license, approval, consent, registration, notification, exemption or other authorization required by or from a Governmental Authority under any Environmental Law.

“**Equity Interest**” shall mean, with respect to any person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents, including membership interests (however designated, whether voting or nonvoting), of equity of such person, including, if such person is a partnership, partnership interests (whether general or limited), or if such person is a limited liability company, membership interests and any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of property of, such partnership, whether outstanding on the date hereof or issued on or after the Closing Date, but excluding debt securities convertible or exchangeable into such equity.

“**Equity Issuance**” shall mean, without duplication, (i) any issuance or sale by Parent or Holdings of any Equity Interests in Parent or Holdings (including any Equity Interests issued upon exercise of any warrant or option or equity-based derivative) or any warrants or options or equity-based derivatives to purchase Equity Interests in Parent or Holdings, (ii) any contribution to the capital of Parent or Holdings or (iii) any contribution to the capital of Borrower.

“**Equity Offering**” shall mean an offer and sale of common stock of Borrower or any direct or indirect parent of Borrower pursuant to a registration statement that has been declared effective by the SEC pursuant to the Securities Act (other than a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of Borrower).

“**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, the regulations promulgated thereunder and any successor statute.

**“ERISA Affiliate”** shall mean, with respect to any person, any trade or business (whether or not incorporated) that, together with such person, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code. Any former ERISA Affiliate of a person or any of its Subsidiaries shall continue to be considered an ERISA Affiliate of such person or such Subsidiary within the meaning of this definition with respect to the period such entity was an ERISA Affiliate of such person or such Subsidiary and with respect to liabilities arising after such period for which such person or such Subsidiary could reasonably be expected to be liable under the Code or ERISA, but in no event for more than six years after such period if no such liability has been asserted against such person or such Subsidiary; *provided, however*, that such person or such Subsidiary shall continue to be an ERISA Affiliate of such person or such Subsidiary after the expiration of the six-year period solely with respect to any liability asserted against such person or such Subsidiary prior to the expiration of such six-year period.

**“ERISA Event”** shall mean (i) a “reportable event” within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan other than events for which the thirty (30) day notice period has been waived; (ii) the failure to meet the minimum funding standard of Sections 412 and 430 of the Code or Sections 302 or 303 of ERISA with respect to any Pension Plan (whether or not waived in accordance with Section 412(c) of the Code or Section 302(c) of ERISA) or the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or the failure to make any required contribution to a Multiemployer Plan; (iii) a determination that any Pension Plan is, or is expected to be, in “at risk” status (as defined in Section 430 of the Code or Section 303 of ERISA); (iv) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (v) a determination that any Multiemployer Plan is, or is expected to be, in “critical” or “endangered” status under Section 432 of the Code or Section 305 of ERISA; (vi) the withdrawal by any Company from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting, in either case, in actual or contingent liability to any Company, pursuant to Section 4063 or 4064 of ERISA; (vii) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (viii) the imposition of material liability on any Company pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (ix) the withdrawal of any Company or any of its ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan, or the receipt by any Company or any of its ERISA Affiliates of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA, if, in any such case, there is potential material liability of any Company therefor; (x) the assertion of a material claim (other than routine claims for benefits) against any Employee Benefit Plan, or the assets thereof, or against any Company in connection with any Employee Benefit Plan; (xi) receipt from the Internal Revenue Service of notice of the failure of any Pension Plan (or any other Employee Benefit Plan intended to be qualified under Section 401(a) of the Code) to qualify under Section 401(a) of the Code, or the failure of any trust forming part of any Pension Plan to qualify for exemption from taxation under Section 501(a) of the Code; (xii) the imposition of a Lien pursuant to Section 430(k) of the Code or pursuant to Section 303(k) of ERISA or a violation of Section 436 of the Code with respect to any Pension Plan; or (xiii) the occurrence of a non-exempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could reasonably be expected to result in material liability to any Company.

**“Eurodollar Borrowing”** shall mean a Borrowing comprised of Eurodollar Loans.

**“Eurodollar Loan”** shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBOR Rate.

**“Eurodollar Unavailability Period”** shall mean any period of time during which a notice delivered to Borrower in accordance with Section 2.11 or Section 2.12(e) shall remain in effect.

“**Event of Default**” shall have the meaning assigned to such term in Article VIII.

“**Excess Cash Flow**” shall mean, for any Excess Cash Flow Period, without duplication:

(a) the sum, without duplication, of:

- (i) Consolidated EBITDA for such Excess Cash Flow Period;
- (ii) cash items of income during such Excess Cash Flow Period not included in calculating Consolidated EBITDA;
- (iii) the decrease, if any, in the Net Working Capital from the beginning to the end of such Excess Cash Flow Period; and
- (iv) the reversal, during such Excess Cash Flow Period, of any reserve established pursuant to clause (b)(i) below; *minus*

(b) the sum, without duplication, of:

- (i) the amount of any cash Consolidated Tax Expense paid or payable by Borrower and its Subsidiaries with respect to such Excess Cash Flow Period and for which, to the extent required under GAAP, reserves have been established;
- (ii) the amount of Debt Service paid for such Excess Cash Flow Period;
- (iii) permanent repayments and prepayments of Indebtedness made by Borrower and its Subsidiaries in accordance with this Agreement during such Excess Cash Flow Period but only to the extent that (A) (i) such repayments and prepayments by their terms cannot be reborrowed or redrawn, and (ii) such repayments and prepayments do not occur in connection with a refinancing of all or a portion of such Indebtedness, and (B) the amounts used to make such payments are funded from Internally Generated Funds;
- (iv) Capital Expenditures made in cash in accordance with Section 6.10(c) during such Excess Cash Flow Period, to the extent funded from Internally Generated Funds;
- (v) the increase, if any, in the Net Working Capital from the beginning to the end of such Excess Cash Flow Period;
- (vi) any Permitted Parent Payments that are paid in cash with respect to such Excess Cash Flow Period;
- (vii) cash items of expense (including losses) with respect to such Excess Cash Flow Period not deducted in calculating Consolidated EBITDA;
- (viii) the amount of any non-cash gain included in Consolidated EBITDA for such Excess Cash Flow Period recognized as a result of any Asset Sale;
- (ix) the aggregate amount of Acquisition Consideration paid in cash during such Excess Cash Flow Period with respect to Permitted Acquisitions (to the extent consummated in accordance with Section 6.07(f)), to the extent funded from Internally Generated Funds;
- (x) the aggregate amount of expenditures, other than Capital Expenditures, made in cash during such Excess Cash Flow Period and capitalized in accordance with GAAP during such Excess Cash Flow Period to the extent such expenditures are funded from Internally Generated Funds;

(xi) the aggregate amount of non-cash adjustments to Consolidated EBITDA for periods prior to the beginning of the Excess Cash Flow Period to the extent paid in cash by Borrower and its Restricted Subsidiaries during such Excess Cash Flow Period; and

(xii) cash fees and expenses in connection with Hedging Agreements to the extent paid during such Excess Cash Flow Period.

*provided*, that, for purposes of calculating Excess Cash Flow for any Excess Cash Flow Period, for each Permitted Acquisition consummated during such Excess Cash Flow Period, (x) the Consolidated EBITDA of a target of any Permitted Acquisition shall be included in such calculation only from and after the date of the end of the fiscal quarter during which the consummation of such Permitted Acquisition occurs and (y) for the purposes of calculating Net Working Capital, the (A) total assets of a target of such Permitted Acquisition (other than cash and Cash Equivalents), as calculated as at the date of the end of the fiscal quarter during which the consummation of the applicable Permitted Acquisition occurs, which may properly be classified as current assets on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (assuming, for the purpose of this clause (A), that such Permitted Acquisition has been consummated) and (B) the total liabilities of Borrower and its Subsidiaries, as calculated as at the end of the fiscal quarter during which the date of consummation of the applicable Permitted Acquisition occurs, which may properly be classified as current liabilities on a consolidated balance sheet of Borrower and its Subsidiaries in accordance with GAAP (assuming, for the purpose of this clause (B), that such Permitted Acquisition has been consummated), shall, in the case of both immediately preceding clauses (A) and (B), be calculated as the difference between the Net Working Capital at the end of the applicable Excess Cash Flow Period from the end of the fiscal quarter during which the date of consummation of the Permitted Acquisition occurs.

“**Excess Cash Flow Period**” shall mean each fiscal year of Borrower commencing the first full fiscal year of Borrower following the Closing Date.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934.

“**Excluded Lender**” shall mean any person deemed by Borrower, in good faith, to be a direct competitor of Borrower or any of its Subsidiaries and (a) identified by Borrower to the Administrative Agent, in good faith, in a certificate duly executed by a Responsible Officer of Borrower prior to the Closing Date and (b) designated by Borrower as a direct competitor of Borrower or any of its Subsidiaries from time to time after the Closing Date in a certificate (which shall set forth in reasonable detail the basis for each applicable designation), in good faith, duly executed by a Responsible Officer of Borrower; *provided* that in no event shall (i) holders of Equity Interests of any such persons (unless such holders of Equity Interests are direct competitors of the Borrower) be deemed to be Excluded Lenders or (ii) a bank, commercial lender or bona fide debt fund be deemed to be Excluded Lenders. In no event shall a supplement apply retroactively to disqualify any Lender as of the date of such supplement.

“**Excluded Swap Obligation**” shall mean, with respect to any Guarantor, (x) as it relates to all or a portion of the Guarantee of such Guarantor hereunder, any Swap Obligation if, and to the extent that, such Swap Obligation (or any Guarantee hereunder in respect thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the Guarantee of such Guarantor would otherwise have become effective with respect to such related Swap Obligation but for such Guarantor’s failure to constitute an “eligible contract participant” or (y) as it relates to all or a portion of the grant by such Guarantor of a security interest, any Swap Obligation if, and to the extent that, such Swap Obligation (or such security interest in respect thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason

to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the grant of such security interest would otherwise have become effective with respect to such related Swap Obligation but for such Guarantor’s failure to constitute an “eligible contract participant”.

“**Excluded Taxes**” shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States, or by the jurisdiction (i) under the laws of which such recipient is organized or in which its principal office is located, (ii) as a result of a present or former connection between such person and the jurisdiction of the Governmental Authority imposing such tax (other than any such connection arising solely from such person having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document), or (iii) in the case of any Lender, in which its applicable lending office is located and, (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction described in clause (a) above, and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under [Section 2.16](#)), any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office), (ii) is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with [Section 2.15\(e\)](#), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to [Section 2.15\(a\)](#), or (iii) is imposed on amounts payable by Borrower pursuant to FATCA (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on a Foreign Lender as a result of a Change in Law occurring after the time such Foreign Lender became a party to this Agreement shall not be an Excluded Tax).

“**Executive Order**” shall have the meaning assigned to such term in [Section 3.21](#).

“**Existing Credit Agreement**” shall have the meaning assigned to such term in the definition of “Existing Debt”.

“**Existing Debt**” shall mean all Indebtedness and other obligations under the following: (i) that certain Credit Agreement, dated as of July 14, 2011 among Borrower, Parent, certain subsidiaries thereof, the lenders from time to time party thereto and Jefferies Finance LLC, as administrative agent and collateral agent (the “**Existing Credit Agreement**”) and (ii) the 17.00% Second Priority Senior Secured Notes due 2018, issued pursuant to an indenture dated as of July 14, 2011 between Borrower, as the issuer, Parent, as the guarantor and Wells Fargo Bank, National Association, as indenture trustee.

“**Existing Debt Repayment Documents**” shall mean repayment, termination, pay-off, Lien release and similar documents relating to the repayment (or, in the case of the 17.00% Second Priority Senior Secured Notes due 2018, satisfaction and discharge) of the Existing Debt in full on or prior to the Closing Debt and the release and termination of all Liens and obligations with respect thereto, in form and substance reasonably satisfactory to the Administrative Agent.

“**Existing Lien**” shall have the meaning assigned to such term in [Section 6.02\(c\)](#).

“**Existing Loans**” shall have the meaning assigned to such term in [Section 2.20\(a\)](#).

“**Existing Tranche**” shall have the meaning assigned to such term in [Section 2.20\(a\)](#).

“**Extended Loans**” shall have the meaning assigned to such term in [Section 2.20\(a\)](#).

“**Extended Tranche**” shall have the meaning assigned to such term in [Section 2.20\(a\)](#).

“**Extending Lender**” shall have the meaning assigned to such term in [Section 2.20\(b\)](#).

“**Extension Amendment**” shall have the meaning assigned to such term in [Section 2.20\(c\)](#).

“**Extension Date**” shall have the meaning assigned to such term in Section 2.20(d).

“**Extension Election**” shall have the meaning assigned to such term in Section 2.20(b).

“**Extension Request**” shall have the meaning assigned to such term in Section 2.20(a).

“**Existing Litigation**” shall mean the lawsuits and disputes of the Borrower or any of its Subsidiaries listed on Schedule 1.01(a).

“**Fair Market Value**” shall mean, with respect to any asset (including any Equity Interests of any person), the price at which a willing buyer and a willing seller who does not have to sell, would agree to purchase and sell such asset, in an arm’s-length transaction, as determined in good faith by the Board of Directors or, pursuant to a specific delegation of authority by such Board of Directors or a designated senior executive officer, of Parent, or the Subsidiary of Parent selling such asset.

“**FATCA**” shall mean Sections 1471 through 1474 of the Code and any amended or successor version that is substantively comparable and any current or future Treasury regulations or other official administrative guidance (including any Revenue Ruling, Revenue Procedure, Notice or similar guidance issued by the IRS) promulgated thereunder.

“**Federal Funds Effective Rate**” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary to the next 1/100th of 1%) of the quotations for the day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“**Fee Letter**” shall mean the confidential Engagement Letter (as amended, modified, waived or supplemented from time to time in accordance therewith), dated as of September 17, 2013, among Parent, Borrower and Jefferies Finance LLC.

“**Fees**” shall mean the Administrative Agent Fees and the other fees referred to in Section 2.05(c).

“**Financial Officer**” of any person shall mean the chief financial officer, principal accounting officer, treasurer or controller of such person.

“**FIRREA**” shall mean the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended.

“**First Lien Administrative Agent**” shall mean Jefferies Finance LLC, in its capacity as administrative agent under the First Lien Credit Agreement, and its successors and assigns.

“**First Lien Collateral Agent**” shall mean Jefferies Finance LLC, in its capacity as collateral agent under the First Lien Credit Agreement, and its successors and assigns.

“**First Lien Credit Agreement**” shall mean that certain first lien credit agreement, dated as of the date hereof among the Borrower, Parent, the lenders party thereto, the First Lien Administrative Agent, the First Lien Collateral Agent and the other agents or parties named therein, as amended, restated, supplemented, modified, refinanced or increased from time to time to the extent permitted by this Agreement and the Intercreditor Agreement.

“**First Lien Guarantor**” shall have the meaning assigned to such term in Section 5.10(b).

“**First Lien Leverage Ratio**” shall mean, at any date of determination, the ratio of (i) Consolidated First Lien Debt as of such date to (ii) Consolidated EBITDA for the Test Period then most recently ended.



**“First Lien Loan Documents”** shall mean the First Lien Credit Agreement and the other “Loan Documents” as defined in the First Lien Credit Agreement.

**“First Lien Loans”** shall have the meaning assigned to the term “Loans” in the First Lien Credit Agreement.

**“First Lien Obligations”** shall have the meaning assigned to the term “Obligations” (as in effect on the date hereof and as amended, restated, supplemented, modified or refinanced to the extent not prohibited by this Agreement) in the First Lien Credit Agreement (as in effect on the date hereof and as amended, restated, supplemented, modified or refinanced from time to time to the extent not prohibited by this Agreement).

**“First Lien Term Loans”** shall have the meaning assigned to the term “Term Loans” in the First Lien Credit Agreement.

**“Foreign Lender”** shall mean any Lender that is not, for United States federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation or entity treated as a corporation created or organized in or under the laws of the United States, or any political subdivision thereof, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of such trust, or (b) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes.

**“Foreign Subsidiary”** shall mean a Subsidiary that is organized under the laws of a jurisdiction other than the United States or any state thereof or the District of Columbia and any other Subsidiary that is classified as a disregarded for entity U.S. federal income tax purposes and substantially all the assets of which consist of the stock of Subsidiaries that are classified as “controlled foreign corporations” for U.S. federal income tax purposes and that are organized under the laws of a jurisdiction other than the United States or any state thereof or the District of Columbia.

**“Freeman Spogli”** shall mean Freeman Spogli & Co.

**“Funding Default”** shall have the meaning assigned to such term in Section 2.16(c).

**“GAAP”** shall mean generally accepted accounting principles in the United States applied on a consistent basis.

**“Governmental Authority”** shall mean any federal, state, local or foreign (whether civil, criminal, military or otherwise) court, central bank or governmental agency, tribunal, authority, instrumentality or regulatory body or any subdivision thereof or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

**“Governmental Real Property Disclosure Requirements”** shall mean any Legal Requirement of any Governmental Authority requiring notification of the buyer, lessee, mortgagee, assignee or other transferee of any Real Property, facility, establishment or business, or any notification, registration or filing to or with any Governmental Authority, (a) in connection with the Disposition (including any transfer of control) of any Real Property, facility, establishment or business, as may be required under any applicable Environmental Law or (b) of any actual or threatened presence or Release in, on, into or from the Environment, or the use, disposal or handling of Hazardous Material, in each case on, at, under, from or near the Real Property, facility, establishment or business to be sold, acquired, leased, mortgaged, assigned or transferred.

**“Granting Lender”** shall have the meaning assigned to such term in Section 11.04(i).

**“Guaranteed Obligations”** shall have the meaning assigned to such term in Section 7.01.

“**Guarantees**” shall mean the guarantees issued pursuant to Article VII by the Guarantors.

“**Guarantors**” shall mean Parent and the Subsidiary Guarantors.

“**Hazardous Materials**” shall mean hazardous substances, hazardous wastes, hazardous materials, polychlorinated biphenyls (“**PCBs**”) or any substance or compound containing PCBs, asbestos or any asbestos-containing materials in any form or condition, lead-based paint, urea formaldehyde, pesticides, radon or any other radioactive materials including any source, special nuclear or by-product material, petroleum, petroleum products, petroleum-derived substances, crude oil or any fraction thereof, any toxic mold, microbial or fungal contamination that could pose a risk to human health or the Environment or would negatively impact the condition of the Real Property in any material respect or any other pollutants, contaminants, chemicals, wastes, materials, compounds, constituents or substances, listed, regulated, or defined as hazardous or toxic, or as pollutants or contaminants under any Environmental Laws.

“**Hedging Agreement**” shall mean (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, currency swap transactions, cross-currency rate swap transactions, currency options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options or warrants to enter into any of the foregoing), whether or not any such transaction is governed by, or otherwise subject to, any master agreement or any netting agreement, and (b) any and all transactions or arrangements of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement (or similar documentation) published from time to time by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such agreement or documentation, together with any related schedules, a “**Master Agreement**”), including any such obligations or liabilities under any Master Agreement.

“**Hedging Obligations**” shall mean obligations under or with respect to Hedging Agreements.

“**Hedging Termination Value**” shall mean, in respect of any one or more Hedging Agreements, after taking into account the effect of any netting agreements relating to such Hedging Agreements (to the extent, and only to the extent, such netting agreements are legally enforceable in Insolvency Proceedings against the applicable counterparty obligor thereunder), (i) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (ii) for any date prior to the date referenced in preceding clause (i), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreements (which may include a Lender or any Affiliate of a Lender).

“**Holdings**” shall mean any of El Pollo Loco Holdings, Inc., a Delaware corporation, Chicken Subsidiary Corp., a Delaware corporation, Chicken Acquisition Corp., a Delaware corporation and Trimaran Pollo Partners L.L.C., a Delaware limited liability corporation, or any successor thereto including by way of merger, consolidation, liquidation, dissolution or winding up.

“**Incur**” shall mean to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise.

“**Indebtedness**” of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or advances (including unreimbursed amounts outstanding under letters of credit); (b) all obligations of such person evidenced by bonds, debentures, notes, loan agreements or similar instruments; (c) all obligations of such person under conditional sale or other title retention agreements relating to property purchased by such person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (d) all obligations of such person

issued or assumed as part of the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business on normal trade terms and (A) not overdue by more than 90 days or (B) to the extent overdue by more than 90 days are being contested by such person by appropriate proceedings in good faith with adequate reserves to the extent required to be maintained in accordance with GAAP; (e) all Indebtedness secured by any Lien on property owned or acquired by such person (including indebtedness arising under conditional sales or other title retention agreements), whether or not the obligations secured thereby have been assumed, but limited to the lower of (i) the Fair Market Value of such property and (ii) the amount of the Indebtedness secured; (f) all Capital Lease Obligations, Purchase Money Obligations, Synthetic Lease Obligations and Attributable Indebtedness of such person; (g) all net payments that such person would have to make in the event of an early termination, on the date of determination, in respect of outstanding Hedging Obligations; (h) all obligations of such person for the reimbursement of any obligor in respect of letters of credit (but only to the extent of drawn but unreimbursed amounts thereunder), letters of guaranty, bankers' acceptances and similar credit transactions; and (j) all Contingent Obligations of such person in respect of Indebtedness or obligations of others of the kinds referred to in clauses (a) through (i) above. The Indebtedness of any person shall include the Indebtedness of any other entity (including any partnership in which such person is a general partner) to the extent such person is liable therefor as a result of such person's ownership interest in or other relationship with such entity, except (other than in the case of general partner liability) to the extent that terms of such Indebtedness expressly provide that such person is not liable therefor; provided that, for the avoidance of doubt, Indebtedness shall not include accrued expenses, deferred revenue, deferred rent, deferred taxes and deferred compensation and customary obligations under employment arrangements.

**"Indemnified Taxes"** shall mean Taxes other than Excluded Taxes.

**"Indemnitee"** shall have the meaning assigned to such term in Section 11.03(b).

**"Information"** shall have the meaning assigned to such term in Section 11.12.

**"Insolvency Laws"** shall mean the Bankruptcy Code of the United States, and all other insolvency, bankruptcy, receivership, liquidation, conservatorship, assignment for the benefit of creditors, moratorium, rearrangement, reorganization, or similar Legal Requirements of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

**"Insolvency Proceeding"** shall mean (i) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (ii) any general assignment for the benefit of creditors, formal or informal moratorium, composition, marshaling of assets for creditors or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each case, undertaken under United States federal or state or non-United States Legal Requirements, including the Bankruptcy Code of the United States.

**"Insurance Policies"** shall mean the insurance policies and coverages required to be maintained by each Loan Party that is an owner or lessee of Mortgaged Property with respect to the applicable Mortgaged Property pursuant to Section 5.04 and all renewals and extensions thereof.

**"Insurance Requirements"** shall mean, collectively, all provisions of the Insurance Policies, all requirements of the issuer of any of the Insurance Policies and all Orders, rules, regulations and any other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) binding upon any Loan Party that is an owner of Mortgaged Property and applicable to the Mortgaged Property or any use or condition thereof.

**"Intellectual Property"** shall have the meaning assigned to such term in Section 3.06(b).

**"Intercompany Note"** shall mean the intercompany demand promissory note substantially in the form of Exhibit D.

**“Intercreditor Agreement”** shall mean the Intercreditor Agreement, dated as of the date hereof, among the Collateral Agent and the First Lien Collateral Agent, substantially in the form of Exhibit O as in effect on the date hereof and thereafter as amended from time to time in accordance with the terms hereof and thereof.

**“Interest Election Request”** shall mean a request by Borrower to convert or continue a Borrowing in accordance with Section 2.08(b), substantially in the form of Exhibit E.

**“Interest Payment Date”** shall mean (a) with respect to any ABR Loan, the last Business Day of each calendar month in which such Loan is outstanding, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Loan with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period and (c) with respect to any Term Loan, the Term Loan Maturity Date and, after such maturity, on each date on which demand for payment is made.

**“Interest Period”** shall mean, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as Borrower may elect; *provided* that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

**“Internally Generated Funds”** shall mean funds not constituting the proceeds of any Indebtedness (excluding the proceeds of any revolving credit facilities), Debt Issuance, Equity Issuance, Asset Sale or Casualty Event (in each case, without regard to the exclusions from the definitions thereof, other than in the case of an Asset Sale only, any disposition of assets permitted by Sections 6.04(c), 6.06(a), 6.06(c), 6.06(d), 6.06(h), 6.06(k), or 6.06(l)).

**“Investments”** shall have the meaning assigned to such term in Section 6.04.

**“IPO”** shall mean the first bona fide underwritten public offering by Parent or any direct or indirect parent of Parent of its Equity Interests after the Closing Date pursuant to an effective registration statement filed with the Securities and Exchange Commission in accordance with the Securities Act that yields cash gross proceeds to such person of at least \$50,000,000.

**“Joinder Agreement”** shall mean a joinder agreement substantially in the form of Exhibit 3 to the Security Agreement.

**“Junior Indebtedness”** shall mean Indebtedness which would otherwise constitute Senior Unsecured Indebtedness, but that is by its terms subordinated in right of payment to the Obligations of Borrower and the Guarantors, as applicable; *provided* that such terms of subordination are customary and reasonably acceptable to the Administrative Agent.

**“Latest Maturity Date”** as of any date of determination, shall mean the latest maturity or expiration date applicable to any Loan or Commitment hereunder at such time, including the latest maturity or expiration date of any Refinancing Term Loan.

**“Lead Arranger”** means Jefferies Finance LLC.

“**Leases**” shall mean any and all Real Property leases, subleases, tenancies, renewal options and concession agreements, any Real Property rental agreements, occupancy agreements, access agreements and any other agreements (including all amendments, extensions, replacements, renewals, modifications and/or guarantees thereof), whether or not of record and whether now in existence or hereafter entered into, affecting the use or occupancy of all or any portion of any Real Property.

“**Legal Requirements**” shall mean, as to any person any treaty, law (including the common law), statute, ordinance, code, rule, regulation, guidelines, license, permit, permit requirement, qualification for exemption from registration, Order or determination of an arbitrator or a court or other Governmental Authority, including without limitation any and all franchise laws (including, but not limited to, The Uniform Franchise Offering Circular), regulations, rules and requirements, and the interpretation or administration thereof, in each case applicable to or binding upon such person or any of its property or to which such person or any of its property is subject.

“**Lenders**” shall mean (a) the financial institutions and other persons party hereto as “Lenders” on the date hereof, and (b) each financial institutions or other person that becomes a party hereto pursuant to an Assignment and Acceptance, other than, in each case, any such financial institution or person that has ceased to be a party hereto pursuant to an Assignment and Acceptance.

“**LIBOR Rate**” shall mean, with respect to any Eurodollar Borrowing for any Interest Period therefor, the rate *per annum* equal to the arithmetic mean (rounded to the nearest 1/100th of 1%) of the offered rates for deposits in Dollars with a term comparable to such Interest Period that appears on Reuters Screen LIBOR01 (or such other page as may replace such page on such service for the purpose of displaying the rates at which Dollar deposits are offered by leading banks in the London interbank deposit market as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London, England time, on the second full Business Day preceding the first day of such Interest Period; *provided, however*, that (i) if no comparable term for an Interest Period is available, the LIBOR Rate shall be determined using the weighted average of the offered rates for the two terms most nearly corresponding to such Interest Period and (ii) if Reuters Screen LIBOR01 shall at any time no longer exist, “**LIBOR Rate**” shall mean, with respect to each day during each Interest Period pertaining to Eurodollar Borrowings comprising part of the same Borrowing, the rate *per annum* equal to the rate at which the Administrative Agent is offered deposits in Dollars at approximately 11:00 a.m., London, England time, two Business Days prior to the first day of such Interest Period in the London interbank market for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to its portion of the amount of such Eurodollar Borrowing to be outstanding during such Interest Period. “**Reuters Screen LIBOR01**” shall mean the display designated on the Reuters 3000 Xtra Page (or such other page as may replace such page on such service for the purpose of displaying the rates at which Dollar deposits are offered by leading banks in the London interbank deposit market).

“**Lien**” shall mean, with respect to any property, (a) any mortgage, deed of trust, lien (statutory or other), pledge, encumbrance, charge, hypothecation, security interest or similar encumbrance or any arrangement to provide priority or preference or any filing of any financing statement under the UCC or any other similar notice of Lien under any similar notice or recording statute of any Governmental Authority, including any encumbrance on title to Real Property, in each of the foregoing cases whether voluntary or imposed by law, and any agreement to give any of the foregoing, and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such property.

“**Loan Documents**” shall mean this Agreement, the Notes (if any), the Security Documents, the Intercreditor Agreement, the Management Fee Subordination Agreement, each Joinder Agreement and, except for purposes of Section 11.02(b), the Agency Fee Letter and the Fee Letter. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

“**Loan Parties**” shall mean Parent, Borrower and the Subsidiary Guarantors.

“**Loans**” shall mean the Term Loans.

“**Make Whole Premium**” shall mean, with respect to any prepayment of the Loans, (a) the present value, as determined by the Administrative Agent in accordance with accepted financial practice, at the date of such prepayment of (i) interest payable on the aggregate principal amount of the Loans subject to such prepayment or repayment (or acceleration) from the date of such prepayment or repayment (or acceleration) until the first anniversary of the Closing Date, calculated using a rate equal to the Eurodollar Rate for an Interest Period of three months in effect on the third Business Day prior to such prepayment (or acceleration) date plus (ii) the premium payable on the aggregate principal amount of the Loans subject to such prepayment or repayment (or acceleration) under Section 2.10(m) if such prepayment or repayment (or acceleration) were to be made on the first anniversary of the Closing Date, plus (iii) the aggregate principal amount of the Loans subject to such prepayment or repayment (or acceleration) if such prepayment or repayment (or acceleration) were to be made on the first anniversary of the Closing Date, in each case discounted to the date of prepayment on a quarterly basis (assuming a 360 day year and actual days elapsed) at a rate equal to the Reinvestment Yield, minus (b) the aggregate principal amount of the Loan subject to such prepayment or repayment (or acceleration).

“**Management Agreement**” shall mean the Monitoring and Management Services Agreement, dated as of November 18, 2005, by Chicken Acquisition Corp., Trimaran Fund Management, L.L.C. and Freeman Spogli & Co. V, L.P. (as amended, by Amendment No. 1 to Monitoring and Management Services Agreement, dated as of December 26, 2007).

“**Management Fee Subordination Agreement**” shall mean a Management Fee Subordination Agreement substantially in the form of Exhibit N among Chicken Acquisition Corp., Trimaran Fund Management, L.L.C. and Freeman Spogli & Co. V, L.P., the Companies and the Collateral Agent.

“**Margin Stock**” shall have the meaning assigned to such term in Regulation U.

“**Material Adverse Effect**” shall mean (a) a material adverse effect on the financial condition, results of operations, assets, liabilities or business of the Companies, taken as a whole, or the Loan Parties, taken as a whole, (b) material impairment of the ability of the Loan Parties, taken as a whole, to fully and timely perform any of their payment obligations under any Loan Document, or (c) a material impairment of the rights of or benefits or remedies, taken as a whole, available to the Lenders or any Agent under any Loan Document.

“**Maturity Date**” shall mean (x) with respect to any Term Loans the maturity date of which has not been extended pursuant to Section 2.20, the date which is five (5) years and six months after the Closing Date or, if such date is not a Business Day, the first Business Day thereafter and (y) with respect to any Extended Tranche of Term Loans, the final maturity date specified in the applicable Extension Election accepted by the respective Lender or Lenders.

“**Maximum Rate**” shall have the meaning assigned to such term in Section 11.13.

“**Mortgage**” shall mean an agreement, including a mortgage, deed of trust, security interest or any other document, creating and evidencing a first priority Lien (subject to Permitted Liens and the terms of the Intercreditor Agreement) on a Mortgaged Property, which shall be substantially in the form of Exhibit H or other form reasonably satisfactory to the Collateral Agent, in each case, with such schedules and including such provisions as shall be necessary to conform such document to applicable local or foreign law or as shall be customary under applicable local or foreign Legal Requirements.

“**Mortgaged Property**” shall mean (a) each owned Real Property identified on Schedule 1.01(b) hereto and (b) each owned Real Property, if any, which shall be subject to a Mortgage delivered after the Closing Date pursuant to Section 5.10(d).

“**Multiemployer Plan**” shall mean a multiemployer plan within the meaning of Section 4001(a)(3) or Section 3(37) of ERISA, (a) to which any Company is then making or accruing an obligation to make contributions, (b) to which any Company has within the preceding six plan years made or been obligated to make contributions, or (c) with respect to which any Company could reasonably be expected to incur liability, contingent or otherwise, under ERISA.

“**Net Cash Proceeds**” shall mean, in each case net of, without duplication, any applicable Taxes that are paid or payable as reasonably determined by the Borrower (*provided* that, to the extent such Taxes that are determined by the Borrower as payable are not paid, such unpaid amounts shall constitute Net Cash Proceeds):

(a) with respect to any Asset Sale (other than any issuance or sale of Equity Interests), the proceeds thereof in the form of cash, cash equivalents and marketable securities (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable, or by the sale, transfer or other Disposition of any non-cash consideration received in connection therewith or otherwise, but only as and when received) received by any Company (including cash proceeds subsequently received (as and when received by any Company) in respect of non-cash consideration initially received) net of (i) reasonable and customary selling expenses (including reasonable brokers’ fees or commissions, legal, accounting and other professional and transactional fees and expenses, transfer and similar taxes and Borrower’s good faith estimate of income taxes paid or payable in connection with such sale), (ii) amounts provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations associated with such Asset Sale or any other liabilities retained by any Company associated with the properties sold in such Asset Sale (*provided* that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds), and (iii) the principal amount, premium or penalty, if any, interest, fees and other amounts on any Indebtedness for borrowed money that is either secured by a Lien on the properties sold in such Asset Sale (so long as such Lien was permitted to encumber such properties under the Loan Documents at the time of such sale) and which is repaid with such proceeds (other than any such Indebtedness assumed by the purchaser of such properties) or otherwise required to be repaid (and is actually repaid) pursuant to any mandatory prepayment requirements or otherwise, but excluding Indebtedness under the Loan Documents;

(b) with respect to any (i) Debt Issuance or (ii) other issuance or sale of Equity Interests by Borrower or any of its Subsidiaries (including any Preferred Stock Issuance) (other than to the Borrower or any Subsidiary Guarantor), the cash proceeds thereof received by any Company, in each case, net of reasonable and customary fees and expenses (including legal, accounting and other professional and transaction fees and expenses and brokers’ fees), commissions, costs and other expenses incurred in connection therewith; and

(c) with respect to any Casualty Event, the cash insurance proceeds, condemnation awards and other compensation received by any Company in respect thereof, net of all reasonable costs and expenses (including legal, accounting and other professional and transaction fees and expenses and brokers’ fees and expenses) incurred in connection with the collection of such proceeds, awards or other compensation in respect of such Casualty Event (including legal, accounting and other professional and transaction fees and expenses and brokers’ fees).

“**Net Working Capital**” shall mean, at any time, Consolidated Current Assets at such time minus Consolidated Current Liabilities at such time.

“**Non-Debt Fund Affiliate**” shall mean any affiliate of the Parent or the Sponsor, including Parent or any of its subsidiaries, but excluding (a) any Affiliated Debt Funds and (b) any natural person.

“**Non-Extending Lender**” shall have the meaning assigned to such term in Section 2.20(e).

**“Non-Public Information”** shall mean (i) material non-public information (within the meaning of United States federal, state or other applicable securities laws) with respect to Holdings or its Subsidiaries or their securities, (ii) information of a type that would be material non-public information (within the meaning of United States federal, state or other applicable securities laws) relating to Borrower if Borrower were a public reporting company with respect to Borrower or its Subsidiaries or their respective securities.

**“Not Otherwise Applied”** shall mean, with reference to any amount of proceeds of any transaction or event, that such amount (a) was not required to be applied to prepay the Loans pursuant to [Section 2.10](#), (b) was not previously applied in determining the permissibility of a transaction under the Loan Documents where such permissibility was (or may have been) contingent on receipt of such amount or utilization of such amount for a specified purpose, and (c) in the case of Net Cash Proceeds from Eligible Equity Issuances or the receipt of Cure Amounts, was not used in connection with (i) Investments made pursuant to [Section 6.04\(v\)](#), (ii) Dividends made pursuant to [Section 6.08\(i\)](#) or (iii) prepayments applied as a Cure Amount pursuant to [Section 8.02\(a\)](#) or pursuant to [Section 8.02\(a\)](#) of the First Lien Credit Agreement.

**“Notes”** shall mean any notes evidencing the Term Loans issued pursuant to [Section 2.04\(e\)](#), if any, substantially in the form of [Exhibit I](#).

**“Obligations”** shall mean (a) all obligations of Borrower and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in such Insolvency Proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding), of Borrower and the other Loan Parties under this Agreement and the other Loan Documents, and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of Borrower and the other Loan Parties under or pursuant to this Agreement and the other Loan Documents, in each case, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising.

**“OFAC”** shall have the meaning assigned to such term in [Section 3.21](#).

**“Offer Process”** shall have the meaning assigned to such term in [Section 11.04\(ix\)\(B\)](#).

**“Officers’ Certificate”** shall mean a certificate executed by (i) the chairman of the Board of Directors (if an officer), the chief executive officer or the president or (ii) one of the Financial Officers, each in his or her official (and not individual) capacity.

**“Operating Account”** has the meaning specified in [Section 3.23](#).

**“Order”** shall mean any judgment, decree, verdict, order, consent order, consent decree, writ, declaration or injunction.

**“Organizational Documents”** shall mean, with respect to any person, (i) in the case of any corporation, the certificate of incorporation or deed of incorporation and by-laws (or similar documents) of such person, (ii) in the case of any limited liability company, the certificate or articles of formation or organization and operating agreement or memorandum and articles of association (or similar constitutive documents) of such person, (iii) in the case of any limited partnership, the certificate of formation and limited partnership agreement (or similar constitutive documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar constitutive document) of such person, (v) in any other case, the functional equivalent of the foregoing, and (vi) any shareholder, voting trust or similar agreement between or among any holders of Equity Interests of such person.



“**Other Taxes**” shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges (including fees and expenses to the extent incurred with respect to any such taxes or charges) or similar levies (including interest, fines, penalties and additions with respect to any of the foregoing) arising from any payment made or required to be made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

“**Parent**” shall have the meaning assigned to such term in the preamble hereto.

“**Participant**” shall have the meaning assigned to such term in Section 11.04(f).

“**Participant Register**” shall have the meaning assigned to such term in Section 11.04(f).

“**Patriot Act**” shall have the meaning assigned to such term in Section 3.21(a).

“**PBGC**” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“**Pension Plan**” shall mean any Employee Benefit Plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Sections 412 or 430 of the Code or Section 302 of ERISA which is maintained, or contributed to, by any Company or with respect to which any Company could reasonably be expected to incur liability, contingent or otherwise, under ERISA (including under Section 4069 of ERISA).

“**Perfection Certificate**” shall mean a perfection certificate in the form of Exhibit J-1 or any other form approved by the Collateral Agent, as the same shall be supplemented from time to time by a Perfection Certificate Supplement or otherwise.

“**Perfection Certificate Supplement**” shall mean a perfection certificate supplement in the form of Exhibit J-2 or any other form approved by the Collateral Agent.

“**Permitted Acquisition**” shall mean any consensual transaction or series of related transactions for the direct or indirect (a) acquisition of all or substantially all of the property of any person, or all or substantially all of any business or division of any person, (b) acquisition of in excess of 50% of the Equity Interests of any person, and otherwise causing such person to become a Subsidiary of such person, or (c) merger or consolidation or any other combination with any person, if each of the following conditions is met, or if the Required Lenders have otherwise consented in writing thereto:

(i) no Default or Event of Default then exists or would result therefrom;

(ii) after giving effect to such transaction and series of related transactions on a Pro Forma Basis, Borrower shall be in compliance with all covenants set forth in Section 6.10(a) and (b) as of the most recent Test Period (assuming, for purposes of Section 6.10(a) and (b), that such transaction and series of related transactions had occurred on the first day of such relevant Test Period;

(iii) the persons or businesses to be acquired shall be, or shall be engaged in, a business of the type that Borrower and its Subsidiaries are permitted to be engaged in under Section 6.15 and the property acquired in connection with any such transaction and series of related transactions shall be made subject to the Lien of the Security Documents in accordance with Section 5.10 and shall be free and clear of any Liens, other than Permitted Liens;

(iv) with respect to such acquisition of any of the series of related transactions, the Board of Directors of the person to be acquired shall not have indicated its opposition to the consummation of such acquisition (which opposition has not been publicly withdrawn);

(v) (A) with respect to such acquisition or any of the series of related transactions, if the Acquisition Consideration is greater than \$10,000,000, Borrower shall have provided the Administrative Agent and the Lenders with (I) notice of such Acquisition setting forth in

reasonable detail the terms and conditions of such Acquisition, (II) financial statements of the Borrower and its Subsidiaries performed on a Pro Forma Basis after giving effect to the consummation of the Acquisition and the incurrence or assumption of any Indebtedness in connection therewith, and (III) a reasonably detailed description of all material information relating thereto and copies of all material documentation pertaining to such transaction;

(vi) such transaction or series of related transactions could not reasonably be expected to result in a Material Adverse Effect;

(vii) prior to the proposed date of consummation of each such transaction, Borrower shall have delivered to the Administrative Agent an Officers' Certificate certifying that such transaction and related series of transactions complies with this definition (which shall have attached thereto reasonably detailed backup data and calculations showing such compliance);

(viii) the Acquisition Consideration for such acquisition or series of related transactions shall not exceed \$20,000,000, and the aggregate amount of the Acquisition Consideration for all Permitted Acquisitions since the Closing Date shall not exceed \$50,000,000; provided that, in all events, no Equity Interests constituting all or a portion of such Acquisition Consideration shall require any payments or other distributions of cash or property in respect thereof, or any purchases, redemptions or other acquisitions thereof for cash or property, in each case prior to the 91st day following payment in full in cash and performance of the Obligations; and

*provided, further*, (a) in the case of an acquisition of all or substantially all of the property of any person, the person making such acquisition is Borrower or a Guarantor, and (II) to the extent required under the Loan Documents, including Section 5.10, upon consummation of the Permitted Acquisition, the person being so acquired becomes a Guarantor, (b) in the case of an acquisition of in excess of 50% of the Equity Interests of any person, (I) the person making such acquisition is Borrower or a Guarantor, and to the extent required under the Loan Documents, including Section 5.10, upon consummation of the Permitted Acquisition, the person the Equity Interests of which are being so acquired becomes a Guarantor, and (c) in the case of a merger or consolidation or any other combination with any person, the person surviving such merger, consolidation or other combination (I) is Borrower or a Guarantor or (II) to the extent required under the Loan Documents, including Section 5.10, upon consummation of the Permitted Acquisition becomes a Guarantor.

**"Permitted Cure Security"** shall mean an equity security of Holdings or the Parent that is Qualified Capital Stock.

**"Permitted Hedging Agreement"** shall mean any Hedging Agreement to the extent constituting a swap, cap, collar, forward purchase or similar agreements or arrangements dealing with commodities, interest rates, or currency exchange rates, either generally or under specific contingencies, in each case entered into in the ordinary course of business and not for speculative purposes or taking a "market view".

**"Permitted Junior Refinancing Debt"** shall mean secured refinancing Indebtedness incurred by the Borrower or any of its Subsidiaries and guarantees with respect thereto by any Loan Party in the form of one or more series of junior lien (or lower priority) secured notes; *provided*, that (i) such refinancing Indebtedness is secured by the Collateral on a junior lien, subordinated basis to the Obligations hereunder and the obligations in respect of any Permitted Pari Passu Refinancing Debt and is not secured by any property or assets of the Borrower and its Subsidiaries other than the Collateral, (ii) such refinancing Indebtedness satisfies the requirements of the proviso in the definition of Credit Agreement Refinancing Indebtedness, (iii) such refinancing Indebtedness does not mature or have scheduled amortization or payments of principal prior to the date that is 91 days after the Latest Maturity Date at the time such refinancing Indebtedness is incurred, (iv) the security agreements relating to such Indebtedness are, taken as a whole, substantially the same as the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent (it being understood and agreed (A) that differences that are as or more favorable to both (x) the interests of the Borrower and the other Loan Parties and (y) the Lenders, shall be reasonably satisfactory to the Administrative

Agent and (B) no Subsidiary of the Borrower may grant security other than a Loan Party)), (v) such refinancing such Indebtedness is not guaranteed by any person other than the Guarantors, (vi) a Senior Representative validly acting on behalf of the holders of such refinancing Indebtedness shall have become party to intercreditor and subordination documentation with the Administrative Agent and/or the Collateral Agent (as agent for the Secured Parties) and any other Senior Representative then party to the Intercreditor Agreement reasonably satisfactory to the Administrative Agent and (vii) such refinancing Indebtedness is subordinated in right of payment, and subordinated with respect to Liens, to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the subordination of the refinancing Indebtedness being modified, refinanced, refunded, renewed or extended on customary terms and reasonably acceptable to the Administrative Agent. Permitted Junior Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

“**Permitted Liens**” shall have the meaning assigned to such term in Section 6.02.

“**Permitted Parent Payments**” shall mean, without duplication as to amounts:

(a) payments to Parent or Holdings or, in each case, any Subsidiary or successor thereof, to permit Parent or Holdings or such Subsidiary or successor to pay (i) franchise taxes or other costs of maintaining its corporate existence and (ii) accounting, legal and administrative and other operating expenses of Parent or Holdings when due; *provided* that, in the case of clause (ii), such payments shall not exceed \$250,000 in any twelve month period;

(b) for so long as Borrower or any Subsidiary thereof is a member of a group or subgroup filing a consolidated or combined tax return with Parent or Holdings or, in each case, any Subsidiary or successor thereof, payments, directly or indirectly, to Parent or Holdings or any such Subsidiary or successor in respect of an allocable portion of the tax liabilities of such group or subgroup that is attributable to Borrower and its Subsidiaries (“**Tax Payments**”). The Tax Payments shall not exceed the net amount of the relevant tax that Parent or Holdings or, in each case, any Subsidiary or successor thereof, actually owes to the appropriate taxing authority attributable to (without duplication) (i) the operations of Borrower and its Subsidiaries, (ii) the direct or indirect ownership of Borrower and its Subsidiaries or (iii) any payments received pursuant to this clause (b) of Permitted Parent Payments. Any Tax Payments received from Borrower shall be paid over to the appropriate taxing authority within 60 days of Parent’s, Holdings’ or such Subsidiary’s or successor’s receipt of such Tax Payments or promptly (and, in all events, within 70 days of receipt from the Borrower) refunded to Borrower; and

(c) dividends or distributions not to exceed \$500,000 in any fiscal year to Parent or Holdings plus reasonable and customary out-of-pocket expenses to permit Parent or Holdings to satisfy its payment obligations, if any, under the Management Agreement as in effect on the Closing Date, or as later amended (the “**Management Fees**”), *provided* that any such amendment is not more adverse to the interests of Borrower in any material respect than the Management Agreement as in effect on the Closing Date.

To the extent that the Borrower is permitted to make Permitted Parent Payments pursuant to clauses (a), (b) or (c) above, the same may be paid directly by the Borrower to the recipient thereof, and in such case, shall constitute “Permitted Parent Payments” hereunder and to the extent any basket is applicable, the amount of any payment so paid shall reduce the amount of “Permitted Parent Payments” that may be made in respect thereof.

“**Permitted Pari Passu Refinancing Debt**” shall mean any secured refinancing Indebtedness incurred by Borrower in the form of one or more series of senior secured notes; *provided*, that (i) such refinancing Indebtedness is secured by the Collateral on a pari passu basis (but without regard to the control of remedies) with the Obligations hereunder and is not secured by any property or assets of the Parent or its Subsidiaries other than the Collateral, (ii) such Indebtedness satisfies the requirements of the proviso in the definition of

Credit Agreement Refinancing Indebtedness, (iii) such Indebtedness does not mature or have scheduled amortization or payments of principal prior to the date that is 91 days after the Latest Maturity Date at the time such Indebtedness is incurred, (iv) the security agreements relating to such Indebtedness are, taken as a whole, substantially the same as the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent (it being understood and agreed (A) that differences that are as or more favorable to both (x) the interests of the Borrower and the other Loan Parties and (y) the Lenders, shall be reasonably satisfactory to the Administrative Agent and (B) no Subsidiary of the Borrower may grant security other than a Loan Party)), (v) such Indebtedness is not guaranteed by any Person other than the Guarantors, (vi) a Senior Representative validly acting on behalf of the holders of such Indebtedness shall have become party to the Intercreditor Agreement by joinder to the then existing Intercreditor Agreement in substantially the form provided in the Intercreditor Agreement (or otherwise at the option of the Administrative Agent, execute and deliver the Intercreditor Agreement pursuant to an amendment and restatement thereto) and with such amendments to the Intercreditor Agreement (in a manner reasonably satisfactory to the Administrative Agent) required to allocate voting rights among the holders of such Indebtedness and the Lenders hereunder (and any other technical amendments required in connection therewith) as reasonably determined by the Administrative Agent and (vii) if the Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated, such secured refinancing Indebtedness is subordinated (pursuant to documentation reasonably acceptable to the Administrative Agent) in right of payment to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the subordination of the Indebtedness being modified, refinanced, refunded, renewed or extended. Permitted Pari Passu Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

**“Permitted Refinancing”** shall mean, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; *provided* that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended, except by an amount equal to unpaid accrued or capitalized interest and premium thereon *plus* other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension and *plus* an amount equal to any existing commitments unutilized of the Indebtedness so modified, refinanced, refunded, renewed or extended, (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the date that is 91 days after the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended, (c) at the time thereof, no Default or Event of Default shall have occurred and be continuing, (d) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the subordination of the Indebtedness being modified, refinanced, refunded, renewed or extended and (e) neither Holdings nor any of its Subsidiaries shall be an obligor or guarantor of any such refinancings, replacements, refundings, renewals or extensions except to the extent that such Person was such an obligor or guarantor in respect of the applicable Indebtedness being modified, refinanced, refunded, renewed or extended.

**“Permitted Unsecured Refinancing Debt”** shall mean unsecured Indebtedness incurred by the Borrower or any of its Subsidiaries and guarantees with respect thereto by any Loan Party in the form of one or more series of Senior Unsecured Indebtedness or Junior Indebtedness; *provided* that (i) such refinancing Indebtedness satisfies the requirement of the proviso in the definition of Credit Agreement Refinancing Indebtedness, (ii) such Indebtedness does not mature or have scheduled amortization or payments of principal prior to the date that is 91 days after the Latest Maturity Date at the time such Indebtedness is incurred, (iii) such Indebtedness is not guaranteed by any Person other than the Guarantors; and (iv) such Indebtedness is not secured by any Lien on any property or assets of the Parent or its Subsidiaries. Permitted Unsecured Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor to the extent meeting the requirements set forth in this definition.

“**Person**” or “**person**” shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“**Platform**” shall have the meaning assigned to such term in Section 11.01(d).

“**Pledgor**” shall mean each Company listed on Schedule 1.01(d), and each other Subsidiary of any Loan Party that is or becomes a party to this Agreement (in its capacity as a Subsidiary Guarantor) and the Security Documents pursuant to Section 5.10.

“**Preferred Stock**” shall mean any Equity Interest with preferential right of payment (i) of dividends, or (ii) upon liquidation, dissolution or winding up of the issuer of such Equity Interest (other than any such issuance or sale by any Wholly Owned Subsidiary of the Borrower to the Borrower or any Wholly Owned Subsidiary of the Borrower).

“**Preferred Stock Issuance**” shall mean the issuance or sale by any Company of any Preferred Stock constituting Disqualified Capital Stock after the Closing Date.

“**Premises**” shall have the meaning assigned thereto in the applicable Mortgage.

“**Principal**” shall mean Trimaran or Freeman Spogli, investment funds managed by Trimaran or Freeman Spogli, partners of Trimaran or Freeman Spogli, equity co-investors in Trimaran Pollo Partners, L.L.C., affiliates of Trimaran or Freeman Spogli, an entity controlled by any of the foregoing and/or by a trust of the type described hereafter, and/or a trust for the benefit of any of the foregoing.

“**Private Siders**” shall mean Lenders’ employees and representatives who have declared that they are authorized to receive material non-public information.

“**Pro Forma Basis**” shall mean, with respect to compliance with any test or covenant hereunder, compliance with such covenant or test after giving effect to (a) any Permitted Acquisition (to the extent not subsequently disposed of during such period) or (b) any Asset Sale, as if such Permitted Acquisition or Asset Sale, and all other Permitted Acquisitions or Asset Sales consummated during the applicable period, and any Indebtedness or other liabilities incurred in connection with such Permitted Acquisitions or Asset Sales had been consummated and incurred at the beginning of such period. For purposes of this definition, if any Indebtedness to be so incurred bears interest at a floating rate and is being given pro forma effect, the interest on such Indebtedness will be calculated as if the rate in effect on the date of incurrence had been the applicable rate for the entire period (taking into account any applicable interest rate Hedging Agreements).

“**Projections**” shall have the meaning assigned to such term in Section 3.04(c).

“**property**” shall mean any right, title or interest in or to property or assets of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible and including Equity Interests of any person and whether now in existence or owned or hereafter entered into or acquired, including all Real Property, cash, securities, accounts, revenues and contract rights.

“**Public Lenders**” shall mean Lenders that do not wish to receive Non-Public Information with respect to the Borrower or its Subsidiaries.

“**Purchase Money Obligation**” shall mean, for any person, the obligations of such person in respect of Indebtedness (including Capital Lease Obligations) incurred for the purpose of financing all or any part of the purchase price of any fixed or capital assets (including Equity Interests of any person owning fixed or capital assets) or the cost of installation, construction or improvement of any fixed or capital assets; *provided, however*, that (i) such Indebtedness is incurred within 30 days after such acquisition, installation, construction or improvement of such fixed or capital assets (including Equity Interests of any person owning the applicable fixed or capital assets) by such person and (ii) the amount of such Indebtedness does not exceed 100% of the cost of such acquisition, installation, construction or improvement, as the case may be.

**“Qualified Capital Stock”** of any person shall mean any Equity Interests of such person that are not Disqualified Capital Stock.

**“Qualified ECP Guarantor”** shall mean, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act.

**“Real Property”** shall mean, collectively, all right, title and interest (including any leasehold, fee, mineral or other estate) in and to any and all parcels of or interests in real property owned, leased or operated by any person, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures, all general intangibles and contract rights and other property and rights incidental to the ownership, lease or operation thereof.

**“Reference Date”** shall have the meaning assigned to such term in the definition of “Available Amount”.

**“Refinanced Debt”** shall have the meaning assigned to such term in the definition of “Credit Agreement Refinancing Indebtedness”.

**“Refinancing Amendment”** shall mean an amendment to this Agreement in form and substance reasonably satisfactory to the Administrative Agent and Borrower executed by each of (a) the Borrower, (b) the Administrative Agent and (c) each Additional Lender that agrees to provide any portion of the Credit Agreement Refinancing Indebtedness being incurred pursuant thereto.

**“Refinancing Term Commitments”** shall mean one or more Tranches of Commitments hereunder that result from a Refinancing Amendment.

**“Refinancing Term Loans”** shall mean one or more Tranches of Term Loans that result from a Refinancing Amendment.

**“Register”** shall have the meaning assigned to such term in [Section 11.04\(d\)](#).

**“Registered Equivalent Notes”** shall mean, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act of 1933, substantially identical notes (having the same guarantee obligations) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

**“Regulation D”** shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Regulation T”** shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Regulation U”** shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Regulation X”** shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

**“Reinvestment Yield”** shall mean 0.50% over the yield to maturity implied by (a) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the applicable prepayment date

on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets (or, if Page PX1 is unavailable, the Telerate Access Service Screen which corresponds most closely with Page PX1) for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the difference between the first anniversary of the Closing Date and the date of such prepayment (such difference, the “**Remaining Period**”), or (b) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding such prepayment date, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Period. Such implied yield will be determined, if necessary, by interpolating linearly between (1) the actively traded U.S. Treasury security with the duration closest to and greater than the Remaining Period and (2) the actively traded U.S. Treasury security with the duration closest to and less than the Remaining Period.

“**Related Party**” shall mean: (a) any controlling equity holder or more than 50% owned Subsidiary of any Principal; or (b) any person(s) beneficially holding a more than 50% controlling interest of which consist of the Principal and/or such other persons referred to in the immediately preceding clause (a).

“**Related Person**” shall mean, with respect to any person, (a) each Affiliate of such person and each of the officers, directors, partners, trustees, employees, affiliates, shareholders, Advisors, agents, attorneys-in-fact and Controlling persons of each of the foregoing, and (b) if such person is an Agent, each other person designated, nominated or otherwise mandated by or assisting such Agent pursuant to Section 10.05 or any comparable provision of any Loan Document.

“**Release**” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating of any Hazardous Materials in, into, onto, from or through the Environment or any Real Property.

“**Required Lenders**” shall mean, at any date of determination (and subject to Section 2.16(c)), two or more Lenders having Loans and unused Commitments representing more than 50% of the sum of all Loans outstanding and unused Commitments at such time; *provided, further*, that for any Required Lenders’ vote, Affiliated Debt Funds may not, in the aggregate, account for more than 49.9% of the amounts included in determining whether the Required Lenders have consented to any amendment or waiver.

“**Response**” shall mean (a) “response” as such term is defined in CERCLA, 42 U.S.C. § 9601(25) or any other applicable Environmental Law, or (b) all other actions required by any Governmental Authority or voluntarily undertaken to (i) clean up, remove, treat, remediate, contain, assess, abate, monitor or in any other way address any Hazardous Materials at, in, on, under or from any Real Property, or otherwise in the Environment, (ii) prevent, stop, control or minimize the Release or threat of Release, or minimize the further Release, of any Hazardous Material, or (iii) perform studies, investigations, maintenance or monitoring in connection with, following, or as a precondition to or to determine the necessity of, the actions set forth in clause (i) or (ii) above.

“**Responsible Officer**” of any person shall mean any executive officer or Financial Officer of such person and any similar official thereof with significant responsibility for the administration of the obligations of such person in respect of this Agreement.

“**Restaurant**” means a restaurant at a particular location that is owned or operated by Borrower or a Subsidiary of Borrower.

“**Restricted Indebtedness**” shall mean Indebtedness of any Company, the payment, prepayment, repurchase, defeasance or acquisition for value of which is restricted under Section 6.11.

“**Sale and Leaseback Transaction**” shall have the meaning assigned to such term in Section 6.03.

“**Secured Obligations**” shall mean the Obligations; *provided* that, notwithstanding anything to the contrary, the Secured Obligations shall exclude any Excluded Swap Obligations.

“**Secured Parties**” shall mean, collectively with respect to the Obligations, the Administrative Agent, the Collateral Agent, each other Agent and the Lenders.

“**Securities Act**” shall mean the Securities Act of 1933.

“**Securities Collateral**” shall mean all securities and other investment related property constituting Collateral.

“**Security Agreement**” shall mean a Security Agreement substantially in the form of Exhibit K among the Loan Parties and the Collateral Agent for the benefit of the Secured Parties, as the same may be supplemented from time to time by one or more Joinder Agreements.

“**Security Agreement Collateral**” shall mean all property or purported to be pledged or granted as collateral pursuant to the Security Agreement delivered on the Closing Date or thereafter pursuant to Section 5.10.

“**Security Documents**” shall mean the Security Agreement, the Mortgages, each Control Agreement and each other security agreement or pledge agreement delivered in accordance with applicable local or foreign Legal Requirements to grant a valid, enforceable, perfected security interest (with the priority required under the Loan Documents) in any property as collateral for the Secured Obligations and all UCC or other financing statements or instruments of perfection required by this Agreement, the Security Agreement, any Mortgage, any Control Agreement or any other such security document or pledge agreement to be filed or registered with respect to the security interests in property created pursuant to the Security Agreement, any Mortgage, any Control Agreement and any other document or instrument utilized to pledge any property as collateral for the Secured Obligations.

“**Senior Representative**” shall mean, with respect to any series of Permitted Pari Passu Refinancing Debt or Permitted Junior Refinancing Debt, the trustee, administrative agent, collateral agent, security agent or similar agent or Person under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

“**Senior Unsecured Indebtedness**” shall mean senior unsecured Indebtedness of the Borrower and its Subsidiaries for borrowed money that (a) does not have a final maturity date prior to the Latest Maturity Date at the time such Indebtedness is incurred, (b) does not have a shorter Weighted Average Life to Maturity than the Term Loans, (c) the covenants and events of default and other terms of which (other than pricing, interest rate margins, rate floors, fees, discounts, interest rate, premiums and prepayment provisions) are not, taken as a whole, more restrictive to the Parent and its Subsidiaries in any material respect than those in the First Lien Credit Agreement; *provided*, that the terms thereof shall not include any mandatory prepayment (other than repurchases with respect to asset sales and insurance recoveries and customary offers to repurchase upon a change of control) that is materially more restrictive with respect to such entities when taken as a whole than those in the First Lien Credit Agreement, and (d) bears interest that is a market rate of interest on the date of issuance of such Indebtedness as determined by the Borrower in good faith.

“**Similar Business**” shall mean any business conducted by Borrower and its Subsidiaries on the date hereof or any business that is similar, reasonably related, incidental or ancillary thereto or a commercially reasonable extension thereof.

“**Sole Book Runner**” means Jefferies Finance LLC.

“**Solvency Certificate**” shall have the meaning assigned to such term in Section 4.01(h).

“**SPC**” shall have the meaning assigned to such term in Section 11.04(i).



“**Specified Existing Tranche**” shall have the meaning assigned to such term in Section 2.20(a).

“**Sponsor**” shall mean, collectively, Trimaran Capital Partners and Freeman Spogli & Co.

“**Sponsor Investors**” shall have the meaning assigned to such term in Section 11.04(b)(vii)(A).

“**Statutory Reserves**” shall mean, for any day during any Interest Period for any Eurodollar Borrowing, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained, during such Interest Period under regulations issued from time to time (including Regulation D (the “**Reserve Regulations**”)) by member banks of the United States Federal Reserve System in New York City with deposits exceeding one billion Dollars against Eurocurrency funding liabilities (currently referred to as “Eurocurrency liabilities” (as such term is used in Regulation D)). Eurodollar Borrowings shall be deemed to constitute Eurodollar liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to any Lender under the Reserve Regulations.

“**Subordinated Indebtedness**” shall mean Indebtedness of any Company that is by its terms subordinated in right of payment to all or any portion of the Secured Obligations.

“**Subsidiary**” shall mean, with respect to any person (the “**parent**”) at any date, (i) any person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, (ii) any other corporation, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the voting power of all Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent and (iii) any other person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent. Unless the context requires otherwise, “**Subsidiary**” refers to a Subsidiary of Borrower.

“**Subsidiary Guarantor**” shall mean each Subsidiary listed on Schedule 1.01(c), and each other Subsidiary of any Loan Party that is or becomes a party to this Agreement and the Security Documents pursuant to Section 5.10.

“**Survey**” shall mean a ALTA/ACSM survey of any Mortgaged Property (and all improvements thereon) which is (a) (i) prepared by a surveyor or engineer licensed to perform surveys in the state where such Mortgaged Property is located, (ii) current as of a date which shows all exterior construction on the site of such Mortgaged Property or any easement, right of way or other interest in the Mortgaged Property that has been granted or become effective through operation of applicable Legal Requirements or otherwise with respect to such Mortgaged Property which, in either case, can be depicted on a survey unless otherwise acceptable to Collateral Agent, (iii) complying in all respects with the minimum detail requirements of the American Land Title Association as such requirements are in effect on the date of preparation of such survey and (iv) sufficient for the Title Company to remove all standard survey exceptions from the title insurance policy (or commitment) relating to such Mortgaged Property and issue the endorsements of the type required by the Collateral Agent as required by Section 5.13 or (b) otherwise reasonably acceptable to the Collateral Agent.

“**Swap Obligation**” shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“**Synthetic Lease**” shall mean, as to any person, (i) a synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property (including a Sale and Leaseback Transaction), in each case, creating obligations that do not appear on the balance sheet of such person but which, upon the application of any Insolvency Laws to such person, would be characterized as the indebtedness of such person (without regard to accounting treatment).

“**Synthetic Lease Obligations**” shall mean, as to any person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease that would appear on a balance sheet of such person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations.

“**Synthetic Purchase Agreement**” shall mean any swap, derivative or other agreement or combination of agreements pursuant to which any Company is or may become obligated to make (a) any payment in connection with a purchase by any third party from a person other than a Company of any Equity Interest or Restricted Indebtedness or (b) any payment (other than on account of a permitted purchase by it of any Equity Interest or Restricted Indebtedness) the amount of which is determined by reference to the price or value at any time of any Equity Interest or Restricted Indebtedness.

“**Tax Returns**” shall mean all returns, statements, filings, attachments and other documents or certifications filed or required to be filed in respect of Taxes.

“**Taxes**” shall mean (i) any and all present or future taxes, duties, levies, imposts, assessments, fees, deductions, withholdings or other similar charges, whether computed on a separate, consolidated, unitary, combined or other basis and any and all liabilities (including interest, fines, penalties or additions with respect to any of the foregoing) with respect to the foregoing, and (ii) any transferee, successor, joint and several, contractual or other liability (including liability pursuant to Treasury Regulation § 1.1502-6 (or any similar provision of state, local or non-U.S. law)) in respect of any item described in clause (i).

“**Term Loans**” shall mean the term loans made by the Lenders to Borrower pursuant to Section 2.01(a). Each Term Loan shall be either an ABR Loan or a Eurodollar Loan.

“**Test Period**” shall mean, at any time, the twelve consecutive fiscal months of Parent then last ended (in each case taken as one accounting period) for which financial statements have been or are required to be delivered pursuant to Section 5.01(a) or (b).

“**Three Month Eurodollar Rate**” shall have the meaning assigned to such term in the definition of “Make Whole Premium”.

“**Title Company**” shall mean any title insurance company as shall be retained by Borrower and reasonably acceptable to the Administrative Agent.

“**Title Policy**” shall have the meaning assigned to such term in Section 5.13(a)(i).

“**Total Leverage Ratio**” shall mean, at any date of determination, the ratio of (i) Consolidated Indebtedness on such date to (ii) Consolidated EBITDA for the Test Period then most recently ended.

“**Tranche**” shall mean each tranche of Loans available hereunder. On the Closing Date there shall be one tranche, comprised of the Term Loans.

“**Transaction Documents**” shall mean the Loan Documents and the First Lien Loan Documents.

“**Transactions**” shall mean, collectively, the transactions to occur pursuant to, or contemplated by, the Transaction Documents, including: (a) the execution, delivery and performance of the Loan Documents and the initial Credit Extensions hereunder; (b) the execution, delivery and performance of First Lien Loan Documents and, on the Closing Date, the funding of all of the First Lien Loans and the receipt of the proceeds thereof by Borrower; (c) payment-in-full repayment (or, in the case of the 17.00% Second Priority Senior Secured Notes due 2018, satisfaction and discharge) of, and discharge of all obligations under, the Existing Debt (and the release of all Liens, if any, with respect thereto) pursuant to the Existing Debt Repayment Documents; and (d) the payment of all fees, costs and expenses to be paid on or prior to or up to 365 days after the Closing Date in connection with the foregoing.

“**Transferred Guarantor**” shall have the meaning assigned to such term in Section 7.09.

“**Trimaran**” shall mean Trimaran Capital Partners LLC, a Delaware limited liability company.

“**Type**” shall mean, when used in reference to any Loan or Borrowing, a reference to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined on the basis of Adjusted LIBOR Rate or the Alternate Base Rate.

“**UCC**” shall mean the Uniform Commercial Code as in effect from time to time (except as otherwise specified) in any applicable state or jurisdiction.

“**Unfunded Pension Liability**” shall mean the excess of a Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the actuarial assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“**United States**” and “**U.S.**” shall mean the United States of America.

“**Voting Stock**” shall mean, with respect to any person, any class or classes of Equity Interests pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such person.

“**Weighted Average Life to Maturity**” shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness.

“**Wholly Owned Subsidiary**” shall mean, with respect to any person, a Subsidiary of such person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) will at the time be owned by such person and/or by one or more Wholly Owned Subsidiaries of such person.

Section 1.02 **Classification of Loans and Borrowings**. For purposes of this Agreement, Loans may be classified and referred to by Type (*e.g.*, a “Eurodollar Loan”). Borrowings also may be classified and referred to by Type (*e.g.*, a “Eurodollar Borrowing”).

Section 1.03 **Terms Generally**. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. Unless otherwise specified, the phrase “Material Adverse Effect” shall be deemed to be followed by the phrase “individually or in the aggregate”. The words “asset” and “property” shall be construed to have the same meaning and effect. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any Loan Document, agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in any Loan Document), (b) any reference herein to any person shall be construed to include such person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, unless otherwise indicated and any reference to any law or regulation shall (i) include all statutory and regulatory provisions consolidating, amending, replacing or interpreting or supplementing such law or regulation, and (ii) unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time. This Section 1.03 shall apply, *mutatis mutandis*, to all Loan Documents.

Section 1.04 **Accounting Terms; GAAP.** Except as otherwise expressly provided herein, all financial statements to be delivered pursuant to this Agreement shall be prepared in accordance with GAAP as in effect from time to time and all terms of an accounting or financial nature shall be construed and interpreted in accordance with GAAP, as in effect on the date hereof. If at any time any change in GAAP would affect the computation of any financial ratio set forth in any Loan Document or any financial definition, the availability under any basket herein or the computation of any other provision of this Agreement, and Borrower or the Required Lenders shall so request, the Administrative Agent and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to approval by the Required Lenders and Borrower, in each case and subject to Section 11.02, not to be unreasonably withheld or delayed); *provided* that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein, and Borrower shall provide to the Administrative Agent and the Lenders within three Business Days after delivery of each certificate or financial report required hereunder that is affected thereby a written statement of a Financial Officer of Borrower setting forth in reasonable detail the differences (including any differences that would affect any calculations relating to the financial covenants as set forth in Section 6.10) that would have resulted if such financial statements had been prepared without giving effect to such change.

Section 1.05 **Pro Forma Calculations.** With respect to any applicable period during which any Permitted Acquisition or Asset Sale occurs as permitted pursuant to the terms hereof, the financial covenants set forth in Section 6.10 shall be calculated with respect to such period and such Permitted Acquisition or Asset Sale on a Pro Forma Basis.

Section 1.06 **Rounding.** Any financial ratios required to be satisfied in order for a specific action to be permitted under this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.07 **Resolution of Drafting Ambiguities.** Each Loan Party acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of the Loan Documents to which it is a party, that it and its counsel reviewed and participated in the preparation and negotiation hereof or thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

## ARTICLE II.

### THE CREDITS

Section 2.01 **Commitments.** Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly:

- (a) to make a Term Loan to Borrower on the Closing Date in the principal amount equal to its Commitment.
- (b) Amounts paid or prepaid in respect of Term Loans may not be reborrowed.

The Term Loans shall be funded by each Lender to Borrower on the Closing Date at a discount in an amount to be separately agreed; *provided* that the entire amount of such principal shall be deemed outstanding as a Term Loan on the Closing Date.

Section 2.02 **Loans.** (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their applicable Commitments of such Class, if any; *provided* that the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure

of any other Lender to make any Loan required to be made by such other Lender). Any Borrowing shall be in an aggregate principal amount that is (i) an integral multiple of \$100,000 and not less than \$250,000 or (ii) equal to the remaining available balance of the applicable Commitments.

(b) Subject to Sections 2.11 and 2.12, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as Borrower may request pursuant to Section 2.03. Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the Lender to make such Loan and Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; *provided* that Borrower shall not be entitled to request any Borrowing that, if made, would result in more than five Eurodollar Borrowings outstanding hereunder at any one time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Administrative Agent may designate from time to time not later than 10:00 a.m., New York City time, and the Administrative Agent shall promptly credit the amounts so received to an account as directed by Borrower in the applicable Borrowing Request or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders within two Business Days.

(d) Unless the Administrative Agent shall have received written notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with Section 2.02(c), and the Administrative Agent may, in reliance upon such assumption, make available to Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available, then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and Borrower severally agrees to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules or practices on interbank compensation, and (ii) in the case of Borrower, the interest rate applicable at the time to ABR Loans. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement, and Borrower's obligation to repay the Administrative Agent such corresponding amount pursuant to this Section 2.02(d) shall cease.

(e) Notwithstanding any other provision of this Agreement, Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

**Section 2.03 Borrowing Procedure.** To request a Borrowing, Borrower shall deliver, by hand delivery or telecopy (or transmit by other electronic transmission, if arrangements for doing so have been approved in writing by the Administrative Agent), a duly completed and executed Borrowing Request to the Administrative Agent (i) in the case of a Eurodollar Borrowing, not later than 1:00 p.m., New York City time, three Business Days before the date of the proposed Borrowing or (ii) in the case of an ABR Borrowing, not later than 1:00 p.m., New York City time, on the date of the proposed Borrowing. Each Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

- (a) the aggregate amount of such Borrowing;
- (b) the date of such Borrowing, which shall be a Business Day;

- (c) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (d) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto;
- (e) the location and number of Borrower's account to which funds are to be disbursed; and
- (f) that the conditions set forth in Sections 4.02(b)-(d) are satisfied as of the date of the borrowing.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

#### Section 2.04 **Evidence of Debt; Repayment of Loans.**

(a) Borrower hereby unconditionally promises to pay to the Administrative Agent, for the account of each Lender, the principal amount of each Term Loan of such Lender as provided in Section 2.09.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder, and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Sections 2.04(a) and (c) shall be *prima facie* evidence of the existence and amounts of the obligations therein recorded; *provided* that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of Borrower and the other Loan Parties to pay, and perform, the Obligations in accordance with the Loan Documents. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such entries, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

(e) Any Lender by written notice to Borrower (with a copy to the Administrative Agent) may request that Loans made by it be evidenced by a promissory note. In such event, Borrower shall promptly (and, in all events, within five Business Days (or such longer period as such Lender may agree in its sole discretion) of receipt of such request) prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in the form of Exhibit I. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.05 **Fees.**

(a) [Reserved]

(b) **Administrative Agent Fees.** Borrower agrees to pay to the Administrative Agent, for its own account, the administrative fees set forth in the Fee Letter and the Agency Fee Letter, and such other fees payable in the amounts and at the times separately agreed upon between Borrower and the Administrative Agent (the “**Administrative Agent Fees**”).

(c) **Other Fees.** Borrower agrees to pay the Agents, for their own account, fees payable in the amounts and at the times separately agreed upon between Borrower and the applicable Agents.

(d) **Payment of Fees.** All Fees shall be paid on the dates due, in immediately available funds in Dollars, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Borrower shall pay the Fees provided under Section 2.05(c) directly to the Agents. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.06 **Interest on Loans.** (a) Subject to the provisions of Section 2.06(c), the Loans comprising each ABR Borrowing, shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Margin in effect from time to time.

(b) Subject to the provisions of Section 2.06(c), the Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the Adjusted LIBOR Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin in effect from time to time.

(c) Notwithstanding the foregoing, during an Event of Default pursuant to Sections 8.01(a), (b), (g) or (h), all Obligations shall bear interest, after as well as before judgment, at a *per annum* rate equal to (i) in the case of principal of or interest on any Loan, 2.0% plus the rate otherwise applicable to such Loan as provided in Sections 2.06(a) and (b) or (ii) in the case of any other Obligation, 2.0% plus the rate applicable to ABR Loans as provided in Section 2.06(a) (in either case, the “**Default Rate**”).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; *provided that* (i) interest accrued pursuant to Section 2.06(c) (including interest on past due interest) and all interest accrued but unpaid on or after the Maturity Date be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day); *provided that* any Loan that is repaid on the same day on which it is made shall, subject to Section 2.14, bear interest for one day. The applicable Alternate Base Rate or Adjusted LIBOR Rate shall be determined by the Administrative Agent in accordance with the provisions of this Agreement and such determination shall be conclusive absent manifest error. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any Insolvency Proceeding.

Section 2.07 **Termination of Commitments.** (a) The Commitments shall automatically terminate at 5:00 p.m., New York City time, on the Closing Date.

(b) At its option, Borrower may at any time terminate the Commitments of any Class.

(c) Borrower shall notify the Administrative Agent in writing of any election to terminate the Commitments under Section 2.07(b) at least three Business Days prior to the effective date of such termination (which effective date shall be a Business Day), specifying such election and the effective date thereof. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section 2.07 shall be irrevocable; *provided* that a notice of termination of the Commitments delivered by Borrower in accordance with this Section 2.07 may expressly state that such notice is conditioned upon the effectiveness of new credit facilities or similar new Indebtedness and which effectiveness will result in the immediate payment in full in cash of all Obligations, in which case such notice may be revoked by Borrower (by written notice to the Administrative Agent on or prior to 2:00 p.m., New York City time, one Business Day prior to the specified notice effective date) if such condition is not satisfied or not reasonably likely to be satisfied and Borrower shall pay any amounts due under Section 2.13, if any, in connection with any such revocation. Any termination of the Commitments of any Class shall be permanent.

**Section 2.08 Interest Elections.** (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.08. Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding anything to the contrary, Borrower shall not be entitled to request any conversion or continuation that, if made, would result in more than five Eurodollar Borrowings outstanding hereunder at any one time.

(b) To make an election pursuant to this Section 2.08, Borrower shall deliver, by hand delivery or telecopy, a duly completed and executed Interest Election Request to the Administrative Agent not later than the time that a Borrowing Request would be required under Section 2.03 if Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each Interest Election Request shall be irrevocable.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, or if outstanding Borrowings are being combined, allocation to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.



(e) If an Interest Election Request with respect to a Eurodollar Borrowing is not timely delivered prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, the Administrative Agent or the Required Lenders may require, by notice to Borrower, that (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.09 **Amortization of Borrowings**. Borrower shall pay to the Administrative Agent, for the account of the Lenders, on the Maturity Date, all then outstanding Term Loans (together with all accrued and unpaid interest thereon).

Section 2.10 **Optional and Mandatory Prepayments of Loans**. (a) **Optional Prepayments**. Borrower shall, subject to the Intercreditor Agreement, have the right at any time and from time to time, but only after the first anniversary of the Closing Date, to prepay any Credit Extension, in whole or in part, subject to the requirements of this Section 2.10 and together with (i) all accrued and unpaid interest and (ii) any amounts payable under Section 2.12, on amounts to be prepaid; *provided* that each partial prepayment shall be in an amount that is an integral multiple of not less than \$250,000 or, if less, the outstanding principal amount of such Borrowing.

(b) [Reserved]

(c) **Asset Sales**. Not later than five Business Days following the receipt of any Net Cash Proceeds of any Asset Sale, Borrower shall, subject to the Intercreditor Agreement, apply 100% of such Net Cash Proceeds to make prepayments in accordance with Section 2.10(j); *provided* that with respect to any such Net Cash Proceeds, so long as no Event of Default shall then exist or would arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that Borrower shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such Net Cash Proceeds are reasonably expected to be reinvested (or have a binding commitment to be reinvested) in fixed or capital assets useful in the business of any Loan Party within 365 days following the date of such Asset Sale and such Net Cash Proceeds shall be deposited (and maintained) in a deposit account of the Borrower or any Subsidiary Loan Party which is subject to a Control Agreement; *provided* that, if all or any portion of such Net Cash Proceeds is not so reinvested within a 180-day period following such 365-day period, such unused portion shall be immediately applied on the last day of such period as a mandatory prepayment as provided in this Section 2.10(c).

(d) **Debt Issuance**. Not later than three Business Days following the receipt of any Net Cash Proceeds of any Debt Issuance by any Company, Borrower shall, subject to the Intercreditor Agreement, make prepayments in accordance with Section 2.10(j) in an aggregate principal amount equal to 100% of such Net Cash Proceeds.

(e) **Equity Issuance**. Not later than three Business Days following the receipt of any Net Cash Proceeds of an Equity Issuance pursuant to Section 8.02, the Borrower shall, subject to the Intercreditor Agreement, make prepayments in accordance with Sections 2.10(j) and (k) in an aggregate principal amount equal to 100% of such Net Cash Proceeds.

(f) [Intentionally Omitted].

(g) **Casualty Events**. Not later than five Business Days following the receipt of any Net Cash Proceeds from a Casualty Event by any Company, Borrower shall, subject to the Intercreditor Agreement, apply an amount equal to 100% of such Net Cash Proceeds to make prepayments in accordance with Section 2.10(j); *provided* that so long as no Event of Default shall then exist or arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that Borrower shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such proceeds are

reasonably expected to be used to repair, replace or restore any property in respect of which such Net Cash Proceeds were paid or to reinvest in assets useful in the business of any Loan Party (or enter into a binding commitment for such reinvestment), no later than 365 days following the date of receipt of such proceeds and such Net Cash Proceeds shall be deposited (and maintained) in a deposit account of the Borrower or any Subsidiary Loan Party which is subject to a Control Agreement; *provided* that if all or any portion of such Net Cash Proceeds is not so reinvested within a 180 day period following such 365 day period, such unused portion shall be immediately applied on the last day of such period as a mandatory prepayment as provided in this Section 2.10(g).

(h) Excess Cash Flow. Within 5 Business Days of the required date of delivery to the Administrative Agent of the financial statements pursuant to Section 5.01(a) with respect to such fiscal year in which such Excess Cash Flow Period occurs, Borrower shall, subject to the Intercreditor Agreement, make prepayments in accordance with Sections 2.10(j) and (k) in an aggregate principal amount equal to the following percentage of Excess Cash Flow for the Excess Cash Flow Period then ended based on the First Lien Leverage Ratio at the end of such Excess Cash Flow Period:

<u>First Lien Leverage Ratio</u>	<u>Percentage of Excess Cash Flow</u>
Greater than 2.75:1.00	50%
Equal to or less than 2.75:1.00 and greater than 2:25:1.00	25%
Equal to or less than 2.25:1.00	0%

(i) Change in Control. Borrower shall promptly, and in any event no later than five (5) Business Days following a Change in Control (other than any IPO, for the avoidance of doubt) with respect to no less than two-thirds of the Equity Interests of the Borrower, directly or indirectly, that occurs on or prior to the first anniversary of the Closing, provide the Administrative Agent written notice of such Change in Control and, no later than the tenth (10<sup>th</sup>) Business Day following such Change in Control, Borrower shall (x) prepay the outstanding Loans in full in accordance with Section 2.10(i), (y) pay a premium, payable to each Lender, equal to 2.50% of the principal amount of the outstanding Loans, and (z) the Commitments shall be terminated in full.

(j) Application of Prepayments.

(i) Prior to any optional prepayment hereunder, Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to clause (ii) below, subject to the provisions of this Section 2.10(j). Any prepayments of Loans pursuant to Section 2.10 shall be applied to reduce the outstanding principal amount of the Loans.

(ii) Amounts to be applied pursuant to this Section 2.10 to the prepayment of Loans shall be applied, as applicable, *first*, to reduce ABR Loans and, *thereafter*, any amounts remaining after each such application shall be applied to prepay Eurodollar Loans.

(k) Notice of Prepayment. Borrower shall notify the Administrative Agent by written notice of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment and (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable. Each such notice shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt

of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Such notice to the Lenders may be by electronic communication; *provided* that a notice of prepayment delivered by Borrower in accordance with this Section 2.10(k) may expressly state that such notice is conditioned upon the effectiveness of new credit facilities or similar new Indebtedness and which effectiveness will result in the immediate payment in full in cash of all Obligations, in which case such notice may be revoked by Borrower (by written notice to the Administrative Agent on or prior to 2:00 p.m., New York City time, one Business Day prior to the specified notice effective date) if such condition is not satisfied or not reasonably likely to be satisfied and Borrower shall pay any amounts due under Section 2.13, if any, in connection with any such revocation. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing and otherwise in accordance with this Section 2.10. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.06.

(l) Waiver of Mandatory Prepayments. Notwithstanding the foregoing provisions of this Section 2.10, (i) in the case of any mandatory prepayment of the Term Loans, Lenders may waive, by written notice to Borrower and the Administrative Agent on or before the date on which such mandatory prepayment would otherwise be required to be made hereunder, the right to receive the amount of such mandatory prepayment of the Term Loans, (ii) if any Lender or Lenders elect to waive the right to receive the amount of such mandatory prepayment, all of the amount that otherwise would have been applied to mandatorily prepay the Term Loans of such Lender or Lenders shall be offered by Borrower to the remaining non-waiving Lender or Lenders on a *pro rata* basis, based on the respective principal amounts of their outstanding Term Loans, (iii) if and to the extent any such non-waiving Lender does not elect by written notice to Borrower and the Administrative Agent within five (5) Business Days following the date on which the offer is made pursuant to clause (ii) above to accept such offer, such Lender shall be deemed to have rejected such offer and (iv) to the extent there are any prepayment amounts remaining after the foregoing application any such amount shall be retained by the Borrower subject to the terms of the Intercreditor Agreement.

(m) Prepayment Premium. Any (i) prepayment, repayment or acceleration of the Loans made on or prior to the first anniversary of the Closing Date shall be accompanied by a premium, payable to each Lender, equal to the Make Whole Premium, (ii) prepayment, repayment or acceleration of the Loans (other than any repayment pursuant to clauses (g) or (h) of this Section 2.10), made after the first anniversary of the Closing Date shall be accompanied by a premium, payable to each Lender, equal to (A) if such prepayment, repayment or acceleration occurs after the first anniversary of the Closing Date and on or prior to the second anniversary of the Closing Date, 2.00% of the principal amount of such prepayment, repayment or acceleration, as the case may be, (B) if such prepayment, repayment or acceleration occurs after the second anniversary of the Closing Date and on or prior to the third anniversary of the Closing Date, 1.00% of the principal amount of such prepayment, repayment or acceleration, as the case may be and (C) if such prepayment, repayment or acceleration occurs after the third anniversary of the Closing Date, 0% of the principal amount of such prepayment, repayment or acceleration, as the case may be and (iii) prepayment, repayment or acceleration of the Loans with the proceeds of an IPO, notwithstanding the foregoing, shall be accompanied by a premium, payable to each Lender, equal to (A) if such prepayment, repayment or acceleration occurs on or prior to the first anniversary of the Closing Date, 1.50% of the principal amount of such prepayment, repayment or acceleration, as the case may be and (B) if such repayment or prepayment occurs after the first anniversary of the Closing Date and on or prior to the date that is eighteen months after the Closing Date, 1.00% of the principal amount of such prepayment, repayment or acceleration, as the case may be.

(n) Application Override. Notwithstanding anything in this Section 2.10 to the contrary, until the Discharge of the First Lien Obligations (as defined in the Intercreditor Agreement), (i) no mandatory prepayments of outstanding Loans that would otherwise be required to be made under this Section 2.10 shall be required to be made, and (ii) the requirement that any prepayment be made within five Business Days following an event giving rise to a mandatory prepayment in clauses (c) and (d) of this Section 2.10 shall be deemed to refer to the fifth Business Day next following the date of determination that such mandatory prepayment shall be required to be applied to prepayments of the Loans in accordance with this Section 2.10.

Section 2.11 **Alternate Rate of Interest.** If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be final and conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR Rate for such Interest Period; or

(b) the Administrative Agent is advised in writing by the Required Lenders that the Adjusted LIBOR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give written notice thereof to Borrower and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

Section 2.12 **Increased Costs; Change in Legality.** (a) if any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against property of, deposits with or for the account of, or credit extended by or participated in by, any Lender (except any such reserve requirement reflected in the Adjusted LIBOR Rate); or

(ii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or such Lender's holding company, if any, or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then Borrower shall, upon the written request of such Lender, pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered, it being understood that this Section 2.12 shall not apply to Taxes. The protection of this Section 2.12 shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the Change in Law that shall have occurred or been imposed.

(b) If any Lender determines (in good faith, but in its sole absolute discretion) that any Change in Law regarding Capital Requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company, for any such reduction suffered.

(c) A certificate of a Lender setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in Sections 2.12(a) or (b) shall be delivered to Borrower (with a copy to the Administrative Agent) and shall be conclusive and binding absent manifest error. Borrower shall pay such Lender the amount shown as due on any such certificate within five Business Days (or, to the extent not adverse to the interest of any other Lender, such longer period as such Lender may agree in its sole discretion) after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.12 shall not constitute a waiver of such Lender's right to demand such compensation; *provided*, that (i) Borrower shall be under no obligation to compensate such Lender with respect to any period prior to the date that is 270 days prior to the date on which such Lender makes a claim hereunder if such Lender prior to such date knew or could reasonably have been expected to know of the circumstances giving rise to the claim hereunder, and (ii) the foregoing limitation shall not apply to any claims arising out of the retroactive application of any Change in Law within such 270-day period.

(e) Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to Borrower and to the Administrative Agent:

(i) such Lender may declare that Eurodollar Loans will not thereafter (for the duration of such unlawfulness (as determined in good faith by such Lender)) be made by such Lender hereunder (or be continued for additional Interest Periods and ABR Loans will not thereafter (for such duration) be converted into Eurodollar Loans), whereupon any request for a Eurodollar Loan (or to convert an ABR Loan to a Eurodollar Loan or to continue a Eurodollar Loan for an additional Interest Period) shall, as to such Lender only, be deemed a request for an ABR Loan (or a request to continue an ABR Loan as such for an additional Interest Period or to convert a Eurodollar Loan into an ABR Loan, as the case may be), unless such declaration shall be subsequently withdrawn by such Lender by written notice to Borrower and to the Administrative Agent; and

(ii) such Lender may require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in Section 2.12(f).

In the event any Lender shall exercise its rights under clause (i) or (ii) above, all payments and prepayments of principal that would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(f) For purposes of Section 2.12(e), a notice to Borrower by any Lender shall be effective as to each Eurodollar Loan made by such Lender, if lawful, on the last day of the Interest Period then applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by Borrower.

**Section 2.13 Breakage Payments.** In the event of (a) the payment or prepayment, whether optional or mandatory, of any principal of any Eurodollar Loan earlier than the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan earlier than the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Term Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurodollar Loan earlier than the last day of the Interest Period applicable thereto as a result of a request by Borrower pursuant to Section 2.16, then, in any such event, Borrower shall compensate each Lender for the actual loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such actual loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBOR Rate plus the Applicable Margin (together with any interest payable at the Default Rate, if then applicable) that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan),

over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for Dollar deposits of a comparable amount and period from other banks in the Eurodollar market. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.13 shall be delivered to Borrower (with a copy to the Administrative Agent) and shall be conclusive and binding absent manifest error. Borrower shall pay such Lender the amount shown as due on any such certificate within three Business Days after receipt thereof.

Section 2.14 **Payments Generally; Pro Rata Treatment; Sharing of Setoffs.** (a) Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or of amounts payable under Section 2.12, 2.13 or 2.15, or otherwise) on or before the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 1:00 p.m., New York City time), on the date when due, in immediately available funds, without setoff, deduction or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 520 Madison Avenue, New York, New York 10022 Attn: El Pollo Loco Account Manager, except that payments pursuant to Section 2.12, 2.13, 2.15 and 11.03 shall be made directly to the persons entitled thereto and payments pursuant to other Loan Documents shall be made to the persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, unless specified otherwise, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in Dollars. For the avoidance of doubt, notwithstanding any other provision of any Loan Document to the contrary, no payment received directly or indirectly from any Loan Party that is not a Qualified ECP Guarantor shall be applied directly or indirectly by the Administrative Agent or otherwise to the payment of any Excluded Swap Obligations.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) *first*, towards payment of all interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of such interest and fees then due to such parties and (ii) *second*, towards payment of all other principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of such principal then due to such parties.

(c) If any Lender shall, by exercising any right of setoff or counterclaim (including pursuant to Section 11.08) or otherwise (including by exercise of its rights under the Security Documents), obtain payment in respect of any principal or interest on any of its Term Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans and accrued interest thereon than the proportion received by any other Lender, had such amounts been distributed as provided in Section 2.14(b), then the Lender receiving such greater proportion shall either (x) turn the same over to the Administrative Agent, in kind, and with such endorsements as may be required to negotiate the same to the Administrative Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement or (y) purchase (for cash at face value) participations in the Term Loans of other Lenders to the extent necessary for application to the Obligations in accordance with the applicable provisions of this Agreement (including Section 2.14(b)); *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this Section 2.14(c) shall not be construed to apply to any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Term Loans to any assignee or participant, other than to any Company or any Affiliates thereof (as to which the provisions of this Section 2.14(c) shall apply) except as permitted pursuant

to Section 11.04(c). Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Legal Requirements, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation. If under applicable Insolvency Law any Secured Party receives a secured claim in lieu of a setoff or counterclaim to which this Section 2.14(c) applies, such Secured Party shall to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights to which the Secured Party is entitled under this Section 2.14(c) to share in the benefits of the recovery of such secured claim.

(d) Unless the Administrative Agent shall have received written notice from Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that Borrower will not make such payment, the Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules or practices on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.02(c) or 2.14(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.15 Taxes. (a) Any and all payments by or on account of any obligation of the Loan Parties hereunder or under any other Loan Document shall be made without setoff, counterclaim or other defense and free and clear of and without deduction, reduction or withholding for any and all Indemnified Taxes or Other Taxes; *provided* that if any Indemnified Taxes or Other Taxes are required to be deducted or withheld from such payments under applicable Legal Requirements, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions, reductions or withholdings applicable to additional sums payable under this Section 2.15) the Administrative Agent, any Lender receives an amount equal to the sum it would have received had no such deductions, reductions or withholdings been made, (ii) Borrower shall make or cause to be made such deductions, reductions or withholdings and (iii) Borrower shall timely pay or cause to be paid the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Legal Requirements.

(b) In addition, Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Legal Requirements.

(c) Borrower shall indemnify the Administrative Agent and each Lender, within ten Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.15) and any penalties, interest and expenses arising therefrom or with respect thereto (other than those resulting from such person's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability and setting forth in reasonable detail the calculation of and basis for such payment or liability delivered to Borrower by a Lender (with a copy delivered concurrently to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes and in any event within 30 days following any such payment being due, by or on behalf of Borrower to a Governmental Authority, Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent. If Borrower fails to pay any Indemnified Taxes or Other Taxes when due to the appropriate Governmental Authority or fails to remit to the Administrative Agent the required receipts or other documentary evidence after written request by the Administrative Agent, Borrower shall indemnify the Administrative Agent and each Lender for any incremental Taxes or expenses that may become payable by the Administrative Agent or such Lender, as the case may be, as a result of any such failure.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to Borrower and the Administrative Agent, at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. Each Foreign Lender shall (i) furnish either (a) two accurate and complete originally executed U.S. Internal Revenue Service Forms W-8BEN (or successor form) or (b) two accurate and complete originally executed U.S. Internal Revenue Service Forms W-8ECI (or successor form), certifying, in either case, to such Foreign Lender's legal entitlement to an exemption or reduction from U.S. federal withholding tax with respect to all interest payments hereunder, and (ii) to the extent it may lawfully do so at such times, upon reasonable request by Borrower or the Administrative Agent, provide a new Form W-8BEN (or successor form) or Form W-8ECI (or successor form) upon the expiration or obsolescence of any previously delivered form to reconfirm any complete exemption from, or any entitlement to a reduction in, U.S. federal withholding tax with respect to any interest payment hereunder; *provided* that any Foreign Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and is claiming the "portfolio interest exemption" shall also furnish a "Non-Bank Certificate" in the form of Exhibit L if it is furnishing a Form W-8BEN.

(f) The Administrative Agent and each Lender that is not a Foreign Lender shall furnish two accurate and complete originally executed U.S. Internal Revenue Service Forms W-9 (or successor form).

(g) Each Lender shall use commercially reasonable efforts to promptly provide, at the time or times prescribed by applicable law or reasonably requested by Borrower, such documentation prescribed by applicable law and such additional documentation reasonably requested by the Borrower to avoid the imposition of withholding obligations under FATCA with respect to such Lender to the extent such Lender is legally able to do so without material cost or other material detriment. If the Administrative Agent or a Lender (or an assignee) determines in its reasonable discretion that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower has paid additional amounts pursuant to this Section 2.15, it shall pay over such refund to Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section 2.15 with respect to the Indemnified Taxes or the Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender (or assignee) and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided, however*, that if the Administrative Agent or such Lender (or assignee) is required to repay all or a portion of such refund to the relevant Governmental Authority, Borrower, upon the request of the Administrative Agent or such Lender (or assignee), shall repay the amount paid over to Borrower that is required to be repaid (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender (or assignee) within three Business Days after receipt of written notice that the Administrative Agent or such Lender (or assignee) is required to repay such refund (or a portion thereof) to such Governmental Authority. Nothing contained in this Section 2.15(g) shall require the Administrative Agent or any Lender (or assignee) to make available its Tax Returns or any other information which it deems confidential or privileged to Borrower or any other person. Notwithstanding anything to the contrary, in no event will the Administrative Agent or any Lender (or assignee) be required to pay any amount to Borrower



the payment of which would place the Administrative Agent or such Lender (or assignee) in a less favorable net after-tax position than the Administrative Agent or such Lender (or assignee) would have been in if the additional amounts giving rise to such refund of any Indemnified Taxes or Other Taxes had never been paid.

Section 2.16 **Mitigation Obligations; Replacement of Lenders.** (a) **Mitigation of Obligations.** If any Lender requests compensation under Sections 2.12(a) or (b), or if any event described in Section 2.12(a) occurs (to the extent (and only to the extent) that such event shall materially disproportionately adversely affect any individual Lender), or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce materially amounts payable pursuant to Section 2.12(a), 2.12(b) or 2.15, as the case may be, in the future, or eliminate the matters described in Section 2.12(e), (ii) would not subject such Lender to any unreimbursed cost or expense, (iii) would not require such Lender to take any action inconsistent with its internal policies or legal or regulatory restrictions, and (iv) would not otherwise be disadvantageous to such Lender. Borrower shall pay all reasonable out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment. A certificate setting forth such costs and expenses submitted by such Lender to the Administrative Agent shall be conclusive absent manifest error.

(b) **Replacement of Lenders.** In the event (i) any Lender delivers a certificate requesting compensation pursuant to Sections 2.12(a) or (b), (ii) any Lender delivers a notice described in Section 2.12(e), (iii) Borrower is required to pay any additional amount to any Lender or any Governmental Authority on account of any Lender pursuant to Section 2.15, (iv) any Lender refuses to consent to any amendment, waiver or other modification of any Loan Document requested by Borrower that requires the consent of 100% of the Lenders or 100% of all affected Lenders, and, which in each case, has been consented to by other Lenders or other affected Lenders having Loans and unused Commitments representing an aggregate of more than 50% of the sum of all Loans outstanding and unused Commitments at such time, as the case may be, or (v) any Lender becomes a Defaulting Lender or any Lender defaults in its obligations to make Loans or other extensions of credit hereunder, Borrower may, not later than ninety (90) days following the occurrence of any such event, at its sole expense and effort (including with respect to the processing and recordation fee referred to in Section 11.04(b)), upon notice to such Lender and the Administrative Agent, require such Lender to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in Section 11.04), all of its interests, rights and obligations under this Agreement to an assignee which shall assume such assigned obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (w) except in the case of clause (iv) above if the effect of such amendment, waiver or other modification of the applicable Loan Document would cure all Defaults and Events of Defaults then ongoing, no Default or Event of Default shall have occurred and be continuing, (x) such assignment shall not conflict with any applicable Legal Requirement, (y) Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld or delayed, and (z) Borrower or such assignee shall have paid to the affected Lender in immediately available funds an amount equal to the sum of the principal of and interest and any prepayment premium or penalty (if any) accrued to the date of such payment on the outstanding Loans of such Lender affected by such assignment plus all Fees and other amounts owing to or accrued for the account of such Lender hereunder (including any amounts under Sections 2.10(m), 2.12 and 2.13); *provided further* that, if prior to any such transfer and assignment the circumstances or event that resulted in such Lender's claim for compensation under Sections 2.12(a) or (b), or notice under Section 2.12(e) or the amounts paid pursuant to Section 2.15, as the case may be, cease to cause such Lender to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in Section 2.12(e), or cease to result in amounts being payable under Section 2.15, as the case may be (including as a result of any action taken by such Lender pursuant to paragraph (a) of this Section 2.16), or if such Lender shall waive its right to claim further compensation under Sections 2.12(a) or (b) in respect of such circumstances or event or shall withdraw its notice under Section 2.12(e) or shall waive its right to further payments under Section 2.15 in respect of such circumstances or event or shall

consent to the proposed amendment, waiver, consent or other modification, as the case may be, then such Lender shall not thereafter be required to make any such transfer and assignment hereunder. Each Lender hereby grants to the Administrative Agent (other than any Lender upon written request at the sole discretion of the Administrative Agent) an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any Assignment and Acceptance necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section 2.16(b).

(c) **Defaulting Lenders.** Anything contained herein to the contrary notwithstanding, in the event that any Lender becomes a Defaulting Lender, then (i) during any Default Period (as defined below) with respect to such Defaulting Lender, such Defaulting Lender shall be deemed not to be a "Lender", and the amount of such Defaulting Lender's Commitments and Term Loans shall be excluded for purposes of voting, and the calculation of voting, on any matters (including the granting of any consents or waivers) with respect to any of the Loan Documents, except that the amount of such Defaulting Lender's Commitments and Term Loans shall be included for purposes of voting, and the calculation of voting, on the matters set forth in Section 11.02(b)(i)-(x) (including the granting of any consents or waivers) only to the extent that any such matter materially and disproportionately affects such Defaulting Lender and (ii) to the extent permitted by applicable Legal Requirements, until such time as the Default Excess (as defined below) with respect to such Defaulting Lender shall have been reduced to zero, (A) any voluntary prepayment of the Loans pursuant to Section 2.10(a) shall, if Borrower so directs at the time of making such voluntary prepayment, be applied to the Loans of other Lenders in accordance with Section 2.10(a) as if such Defaulting Lender had no Loans outstanding, and (B) any mandatory prepayment of the Loans pursuant to Section 2.10 shall, if Borrower so directs at the time of making such mandatory prepayment, be applied to the Loans of other Lenders (but not to the Loans of such Defaulting Lender) in accordance with Section 2.10, it being understood and agreed that Borrower shall be entitled to retain any portion of any mandatory prepayment of the Loans that is not paid to such Defaulting Lender solely as a result of the operation of the provisions of this clause (B).

For purposes of this Agreement, (i) "**Funding Default**" means, with respect to any Defaulting Lender, the occurrence of any of the events set forth in the definition of "Defaulting Lender," (ii) "**Default Period**" means, with respect to any Defaulting Lender, the period commencing on the date of the applicable Funding Default and ending on the earliest of the following dates: (a) the date on which all Commitments are cancelled or terminated and/or the Obligations are declared or become immediately due and payable, (b) with respect to any Funding Default (other than any such Funding Default arising pursuant to clause (e) of the definition of "Defaulting Lender"), the date on which (1) the Default Excess with respect to such Defaulting Lender shall have been reduced to zero (whether by the funding by such Defaulting Lender of any such funding obligations of such Defaulting Lender or by the non-pro rata application of any voluntary or mandatory prepayments of the Loans in accordance with the terms hereof or any combination thereof) and (2) such Defaulting Lender shall have delivered to Borrower and the Administrative Agent a written reaffirmation of its intention to honor its obligations under this Agreement with respect to its Commitment(s), and (c) the date on which Borrower, the Administrative Agent and the Required Lenders waive all Funding Defaults of such Defaulting Lender in writing, and (iii) "**Default Excess**" shall mean, with respect to any Defaulting Lender, the excess, if any, of such Defaulting Lender's pro rata percentage of the aggregate outstanding principal amount of Loans of all Lenders (calculated as if all Defaulting Lenders (including such Defaulting Lender) had funded all of their respective funding obligations) over the aggregate outstanding principal amount of Loans of such Defaulting Lender.

No amount of the Commitment of any Lender shall be increased or otherwise affected, and, except as otherwise expressly provided in Section 2.16(c), performance by Borrower of its obligations under this Agreement and the other Loan Documents shall not be excused or otherwise modified, as a result of any Funding Default or the operation of Section 2.16(c). The rights and remedies against a Defaulting Lender under Section 2.16(c) are in addition to other rights and remedies that Borrower may have against such Defaulting Lender with respect to any Funding Default and that the Administrative Agent or any Lender may have against such Defaulting Lender with respect to any Funding Default.

Section 2.17 **[Reserved]**.

Section 2.18 **[Reserved]**.

Section 2.19 **[Reserved]**.

Section 2.20 **Extension Amendments**.

(a) Borrower may at any time and from time to time request that all or a portion, including one or more Tranches of the Loans (including any Extended Loans), each existing at the time of such request (each, an “**Existing Tranche**” and the Loans of such Tranche, the “**Existing Loans**”) be converted to extend the termination date thereof and the scheduled maturity date(s) of any payment of principal with respect to all or a portion of any principal amount of any Existing Tranche (any such Existing Tranche which has been so extended, “**Extended Tranche**” and the Loans of such Tranche, the “**Extended Loans**”) and to provide for other terms consistent with this Section 2.20. In order to establish any Extended Tranche, Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders of the applicable Existing Tranche) (an “**Extension Request**”) setting forth the proposed terms of the Extended Tranche to be established, which terms (other than provided in clause (c) below) shall be (taken as a whole) substantially similar to, or (taken as a whole) no more favorable to the Lenders providing the Loans that are being extended or replaced (in each case, other than for terms applicable only to periods after the Latest Maturity Date of the Existing Loans) to those applicable to the Existing Tranche from which they are to be extended (the “**Specified Existing Tranche**”), except (x) all or any of the final maturity dates of such Extended Tranches may be delayed to later dates than the final maturity dates of the Specified Existing Tranche, (y) (A) the interest margins with respect to the Extended Tranche may be higher or lower than the interest margins for the Specified Existing Tranche and/or (B) additional fees may be payable to the Lenders providing such Extended Tranche in addition to or in lieu of any increased margins contemplated by the preceding clause (A) and (z) the commitment fee, if any, with respect to the Extended Tranche may be higher or lower than the commitment fee, if any, for the Specified Existing Tranche, in each case to the extent provided in the applicable Extension Amendment; *provided*, that, notwithstanding anything to the contrary in this Section 2.20 or otherwise, (1) such Extended Tranche shall not have a Weighted Average Life to Maturity shorter than the applicable Specified Existing Tranche (2) no Extended Tranche shall be secured by or receive the benefit of any collateral, credit support or security that does not secure or support the Existing Tranches, (3) the repayment or prepayment, the mandatory prepayment and the commitment reduction of any of Loans or Commitments under the Extended Tranches shall be made on a pro rata basis with all other outstanding Loans or Commitments (including all Extended Tranches) respectively; *provided*, that, Extended Loans may, if the Extending Lenders making such Extended Loans so agree, participate on a less than pro rata basis in any voluntary or mandatory repayment or prepayment or commitment reductions hereunder, (4) each Lender in the Specified Existing Tranche shall be permitted to participate in the Extended Tranche in accordance with its *pro rata* share of the Specified Existing Tranche and (5) assignments and participations of Extended Tranches shall be governed by the same assignment and participation provisions applicable to Loans and Commitments hereunder as set forth in Section 11.04. No Lender shall have any obligation to agree to have any of its Existing Loans or, if applicable, commitments of any Existing Tranche converted into an Extended Tranche pursuant to any Extension Request. Any Extended Tranche shall constitute a separate Tranche of Loans (and, if applicable, commitments) from the Specified Existing Tranches and from any other Existing Tranches (together with any other Extended Tranches so established on such date)

(b) Borrower shall provide the applicable Extension Request at least five Business Days (or such shorter period as may be agreed by the Administrative Agent in its sole discretion) prior to the date on which Lenders under the applicable Existing Tranche or Existing Tranches are requested to respond. Any Lender (an “**Extending Lender**”) wishing to have all or a portion of its Specified Existing Tranche converted into an Extended Tranche shall notify the Administrative Agent (an “**Extension Election**”) on or prior to the date specified in such Extension Request of the amount of its Specified Existing Tranche that it has elected to convert into an Extended Tranche. In the event that the aggregate amount of the Specified Existing Tranche subject to Extension Elections exceeds the amount of Extended Tranches requested pursuant to the Extension

Request, the Specified Existing Tranches subject to Extension Elections shall be converted to Extended Tranches on a *pro rata* basis based on the amount of Specified Existing Tranches included in each such Extension Election.

(c) Extended Tranches shall be established pursuant to an amendment (an “**Extension Amendment**”) to this Agreement (which may include amendments to provisions related to maturity, interest margins, fees or prepayments and notwithstanding anything to the contrary set forth in Section 11.02, shall not require the consent of any Lender other than the Extending Lenders with respect to the Extended Tranches established thereby) executed by the Loan Parties, the Administrative Agent, and the Extending Lenders. It is understood and agreed that each Lender has consented for all purposes requiring its consent, and shall at the effective time thereof be deemed to consent to each amendment to this Agreement and the other Loan Documents authorized by this Section 2.20 and the arrangements described above in connection therewith.

(d) Notwithstanding anything to the contrary contained in this Agreement, on any date on which any Existing Tranche is converted to extend the related scheduled maturity date(s) in accordance with clause (a) above (an “**Extension Date**”), in the case of the Specified Existing Tranche of each Extending Lender, the aggregate principal amount of such Specified Existing Tranche shall be deemed reduced by an amount equal to the aggregate principal amount of Extended Tranche so converted by such Lender on such date, and such Extended Tranches shall be established as a separate Tranche from the Specified Existing Tranche and from any other Existing Tranches (together with any other Extended Tranches so established on such date).

(e) If, in connection with any proposed Extension Amendment, any Lender declines to consent to the applicable extension on the terms and by the deadline set forth in the applicable Extension Request (each such Lender, a “**Non-Extending Lender**”) then Borrower may, on notice to the Administrative and the Non-Extending Lender, replace such Non-Extending Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 11.04 (with the assignment fee and any other costs and expenses to be paid by Borrower in such instance) all of its rights and obligations under this Agreement to one or more assignees; *provided*, that neither the Administrative Agent nor any Lender shall have any obligation to Borrower to obtain a replacement Lender; *provided, further*, that the applicable assignee shall have agreed to provide Loans and/or a commitment on the terms set forth in such Extension Amendment; and *provided, further*, that all obligations of Borrower owing to the Non-Extending Lender relating to the Loans and participations so assigned shall be paid in full at par by the assignee Lender to such Non-Extending Lender concurrently with such Assignment and Assumption. In connection with any such replacement under this Section 2.20, if the Non-Extending Lender does not execute and deliver to the Administrative Agent a duly completed Assignment and Assumption and/or any other documentation necessary to reflect such replacement by the later of (a) the date on which the replacement Lender executes and delivers such Assignment and Assumption and/or such other documentation and (b) the date as of which all obligations of Borrower owing to the Non-Extending Lender relating to the Loans and participations so assigned shall be paid in full in cash by the assignee Lender to such Non-Extending Lender, then such Non-Extending Lender shall be deemed to have executed and delivered such Assignment and Assumption and/or such other documentation as of such date and Borrower shall be entitled (but not obligated) to execute and deliver such Assignment and Assumption and/or such other documentation on behalf of such Non-Extending Lender.

Section 2.21 **Refinancing Facilities**. (a) At any time after the Closing Date, Borrower may obtain, from any Lender or any Additional Lender, Credit Agreement Refinancing Indebtedness in respect of all or any portion of the Term Loans then outstanding under this Agreement and any then outstanding Refinancing Term Loans in the form of Refinancing Term Loans or Refinancing Term Commitments, in each case, pursuant to a Refinancing Amendment; *provided*, that such Credit Agreement Refinancing Indebtedness (i) will, to the extent secured, rank *pari passu* or junior in right of payment and of security with the other Loans and Commitments hereunder (but for the avoidance of doubt, such Credit Agreement Refinancing Indebtedness may be unsecured), (ii) will have such pricing and prepayment terms as may be agreed by Borrower and the Lenders thereof, (iii) will have a maturity date that is, to the extent such Loans are Refinancing Term Loans, equal to or later than the date that is 91 days after the maturity date of, and will have

a Weighted Average Life to Maturity that is not shorter than, the Term Loans being refinanced, (iv) will have such pricing, interest rate margins, rate floors, discounts, fees, premiums and optional prepayment provisions and financial covenants as may be agreed by Borrower and the Lenders thereof, and (v) will have other terms and conditions that are similar to, or, taken as a whole, not materially more favorable to the investors providing such Credit Agreement Refinancing Indebtedness than, the Refinanced Debt; *provided, further* that the terms applicable to such Credit Agreement Refinancing Indebtedness may provide for any other additional or different terms and provisions that are agreed between Borrower and the Lenders or Additional Lenders thereof and applicable only during periods after the Latest Maturity Date that is in effect on the date such Credit Agreement Refinancing Indebtedness is issued, incurred or obtained. The effectiveness of any Refinancing Amendment shall be subject to, to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of legal opinions, board resolutions, officers' certificates and/or reaffirmation agreements reasonably satisfactory to the Administrative Agent. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Refinancing Amendment. Each of the parties hereto hereby agrees that, upon the effectiveness of any Refinancing Amendment, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Credit Agreement Refinancing Indebtedness incurred pursuant thereto (including any amendments necessary to treat the Loans and Commitments subject thereto as Refinancing Term Loans). Any Refinancing Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section.

(b) This Section 2.21 shall supersede any provisions in Section 11.02 to the contrary.

**ARTICLE III.**

**REPRESENTATIONS AND WARRANTIES**

Each Loan Party represents and warrants to the Administrative Agent, the Collateral Agent and each of the Lenders (subject to Section 5.13) that:

Section 3.01 **Organization; Powers.** Each Company (a) is duly organized and validly existing under the laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to carry on its business as now conducted and to own, lease and operate its property and (c) is qualified, licensed and in good standing (to the extent such concept is applicable in the applicable jurisdiction) to do business in every jurisdiction where such qualification is required, except in the case of clauses (b) and (c), to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 3.02 **Authorization; Enforceability.** The Transactions to be entered into by each Loan Party are within such Loan Party's powers and have been duly authorized by all necessary corporate or other organizational action on the part of each such Loan Party. This Agreement has been duly executed and delivered by each Loan Party which is party hereto and constitutes, and each other Loan Document to which any Loan Party is required to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally, regardless of whether considered in a proceeding in equity or at law.

Section 3.03 **No Conflicts; No Default.** The Transactions (a) do not require any consent, exemption, authorization or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect, (ii) filings necessary to perfect or maintain the perfection or priority of the Liens created by the Security Documents and the First Lien Loan Documents and (iii) consents, approvals, exemptions, authorizations, registrations, filings, permits or actions the failure of which to obtain or perform could not reasonably be expected to result in a Material Adverse Effect, (b) will not violate the Organizational Documents of any Loan Party, (c) will not violate or

result in a default or require any consent or approval under any indenture, instrument, agreement, or other document binding upon any Loan Party or its property or to which any Loan Party or its property is subject, or give rise to a right thereunder to require any payment to be made by any Loan Party, except for violations, defaults or the creation of such rights that could not reasonably be expected to result in a Material Adverse Effect, (d) will not violate any Legal Requirement in any material respect, and (e) will not result in the creation or imposition of any Lien on any property of any Company, except Liens created by the Security Documents and the First Lien Loan Documents and other Permitted Liens. No Default or Event of Default has occurred and is continuing.

Section 3.04 **Financial Statements; Projections.** (a) The financial statements for the fiscal years ended 2010, 2011 and 2012 and the fiscal quarter ended June 26, 2013 and all financial statements delivered pursuant to Section 5.01(a) and (b) have been prepared in accordance with GAAP consistently applied throughout the applicable period covered, respectively, thereby and present fairly and accurately in all material respects the financial condition and results of operations and cash flows of Parent as of the dates and for the periods to which they relate (subject to normal year-end audit adjustments and the absence of footnotes).

(b) Borrower has heretofore delivered to the Lenders Borrower's unaudited pro forma consolidated balance sheet and statements of income and cash flows, as of and for the three-month period ended June 26, 2013, in each case after giving effect to the Transactions as if they had occurred on such date in the case of the balance sheet and as of the beginning of all periods presented in the case of the statements of income and cash flows. Such pro forma financial statements (A) have been prepared in good faith by the Loan Parties, based upon (i) the assumptions stated therein (which assumptions, taken as a whole, are believed by the Loan Parties on the date thereof to be reasonable (it being understood that projections are subject to significant uncertainties and contingencies, many of which are beyond the control of Borrower, and that actual results during the period covered thereby may differ from the projected results and such differences may be material)) and (ii) accounting principles consistent with the historical audited financial statements delivered pursuant to Section 3.04(a) above, (B) accurately reflect in all material respects all adjustments required to be made to give effect to the Transactions, (C) have been prepared in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) consistently applied throughout the applicable period covered, respectively, thereby, and (D) present fairly the pro forma consolidated financial position and results of operations of Borrower as of such date and for such periods, assuming that the Transactions had occurred at such dates.

(c) Borrower has heretofore delivered to the Lenders the forecasts of financial performance of Parent and its Subsidiaries for the fiscal years beginning with 2014 through and including 2017 (the "**Projections**"). The Projections have been prepared in good faith by the Loan Parties and based upon (i) the assumptions stated therein (which assumptions are believed by the Loan Parties on the date thereof to be reasonable (it being understood that projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower, and that actual results during the period covered thereby may differ from the projected results and such differences may be material)) and (ii) accounting principles consistent with the historical audited financial statements delivered pursuant to Section 3.04(a) above consistently applied throughout the fiscal years covered thereby.

(d) Except as set forth in the financial statements referred to in Section 3.04(a), there are no liabilities of any Company of any kind of the type required to be set forth on a balance sheet of Parent prepared in accordance with GAAP whether accrued, contingent, absolute, determined, determinable or otherwise, which could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Since December 26, 2012, there has been no event, change, circumstance or occurrence that has had, or could reasonably be expected to result in, a Material Adverse Effect.

Section 3.05 **Properties.** (a) Each Company has good title to, or valid leasehold interests in, all its property material to its business, free and clear of all Liens and irregularities, deficiencies and defects in title except for Permitted Liens and minor irregularities, deficiencies and defects in title that, individually or

in the aggregate, do not, and could not reasonably be expected, in any material respect, to, interfere with its ability to conduct its business as currently conducted or to utilize such property for its intended purpose. Except as could not reasonably be expected to result in a Material Adverse Effect, the property of the Companies, taken as a whole, (i) is in good operating order, condition and repair (ordinary wear and tear excepted) and (ii) constitutes all the property which is required for the business and operations of the Companies as presently conducted.

(b) Schedule 3.05(b) contains a true and complete list of each ownership and leasehold interest in Real Property (i) owned by any Company as of the Closing Date and describes the type of interest therein held by such Company and (ii) leased, subleased or otherwise occupied or utilized by any Company, as lessee, sublessee, franchisee or licensee, as of the Closing Date and describes the type of interest therein held by such Company.

(c) No Mortgage encumbers improved Real Property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards within the meaning of the National Flood Insurance Act of 1968, as amended, unless flood insurance available under such Act has been obtained in accordance with Section 5.04.

(d) The use by each Company of its property and all such rights with respect to the foregoing do not infringe on the rights or other interests of any person, other than any infringement that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. No claim has been made and remains outstanding that any Company's use of any of its property does or may violate the rights of any third party that, individually or in the aggregate, has had, or could reasonably be expected to result in, a Material Adverse Effect. The Real Property is zoned in all material respects to permit the uses for which such Real Property is currently being used.

(e) Except for exceptions to the following that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, there is no pending or threatened condemnation or eminent domain proceeding with respect to, or that could affect, any of the Real Property of the Companies.

Section 3.06 **Intellectual Property**. (a) El Pollo Loco Mark. The Borrower owns 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 each Company and the Borrower owns all right, title, and interest in its registrations for such mark and, to each Loan Party's knowledge, no other person or entity has any ownership interest in such mark in connection with such goods and services.

(b) Ownership; No Claims; Use of Intellectual Property; Protection of Trade Secrets. Without limiting the foregoing subsection, each Company owns or is licensed to use, free and clear of all Liens (other than Permitted Liens), all patents and patent applications, trademarks, trade names, service marks, trade dress, logotypes and other indicia of origin, copyrights, domain names and applications for registration thereof, and technology, trade secrets, proprietary information, inventions, know-how and processes, ("**Intellectual Property**") in each case necessary to carry on the business now operated by it (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), except for those failures to own or license which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Except pursuant to franchise agreements, samples of which have been provided to the Administrative Agent and other licenses, supply agreements, and other user agreements entered into by each Company, no Company has authorized any other Person to use any Intellectual Property owned by such Company. Each Company has taken commercially reasonable actions to protect the secrecy and confidentiality of all material trade secrets owned by such Company's business.

(c) Registered Intellectual Property Trade Secrets. (i) On and as of the Closing Date, each Company owns the issued patents and pending patent applications, trademark, service mark and domain

name registrations and pending applications, and copyright registrations and pending applications listed in Section II(B) (or accompanying schedule) of the Perfection Certificate, and (ii) all such patents and registered trademarks, service marks, copyrights and domain names owned by each Company and material to its business are, subsisting and in full force and effect and, to the Company's knowledge, are valid.

(d) No Violations or Proceedings. (i) No Company is aware of any violation by others of any right of any Company with respect to any Intellectual Property, other than such violations that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (ii) no Company is infringing upon or misappropriating any copyright, patent, trademark, trade secret or other intellectual property right of any other Person except such as individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect, (iii) no proceedings are pending against any Company, or to the Company's knowledge, threatened, and no written claim against any Company has been received by any Company, alleging any infringement or misappropriation, except to the extent that such proceedings, threats, or claims, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (iv) no claim has been asserted in writing by any Person or is pending challenging the Company's right to own to use any Intellectual Property, or the validity of the Company's Intellectual Property, except to the extent that such claims, individually or in the aggregate, could not result in a Material Adverse Effect and (v) no Company is in breach of, or in default under, any license of Intellectual Property or trademark co-existence agreement or covenant not to sue, except where such breach or default, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(e) No Impairment. The consummation of the Transactions will not alter or impair the Company's right to own or use any Intellectual Property, except for such alterations or impairments which result from the Company's compliance with, or the Agent's enforcement of its rights under, the Loan Documents, and except for such alterations or impairments that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(f) No Agreement or Order Materially Affecting Intellectual Property. Except as set forth in Schedule 3.06(f), as of the Closing Date, no Company is a party to or otherwise bound by any settlement, covenant not to sue, or other agreement, or outstanding Order, which would materially affect the Company's use or licensing of its Intellectual Property in its business as currently conducted.

Section 3.07 Equity Interests and Subsidiaries. (a) Schedule 3.07(a) sets forth, as of the Closing Date, a list of (i) Parent and each Subsidiary of Parent and its jurisdiction of incorporation or organization as of the Closing Date and (ii) the number of each class of its Equity Interests authorized, and the number outstanding, on the Closing Date and the number of Equity Interests covered by all outstanding options, warrants, rights of conversion or purchase and similar rights on the Closing Date. All Equity Interests of each Company are duly and validly issued and are fully paid and non-assessable, and, other than the Equity Interests of Parent and Borrower and other than Equity Interests of Parent subject to or acquired by exercise of equity or equity-based awards held by current or former employees, directors or consultants of any Company, are owned by Borrower, directly or indirectly, through Wholly Owned Subsidiaries. All Equity Interests of Borrower are owned directly by Parent. Each Loan Party is the record and beneficial owner of, and has good and marketable title to, the Equity Interests pledged by (or purporting to be pledged by) it under the Security Documents, free of any and all Liens, rights or claims of other persons, except the security interest created by the Security Documents and any Permitted Liens that arise by operation of applicable Legal Requirements and are not voluntarily granted and Liens permitted by Section 6.02(j) and (k) hereto, and, as of the Closing Date, there are no outstanding warrants, options or other rights (including derivatives) to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any such Equity Interests (or any economic or voting interests therein) of Borrower, Parent or any of its other Subsidiaries.

(b) No consent of any person, including any general or limited partner, any other member or manager of a limited liability company, any shareholder, any other trust beneficiary or derivative counterparty, is necessary in connection with the creation, perfection or first priority status (or the maintenance



thereof) of the security interest of the Collateral Agent in any Equity Interests pledged to the Collateral Agent under the Security Documents or the exercise by the Collateral Agent or any Lender of the voting or other rights provided for in the Security Documents or the exercise of remedies in respect of such Equity Interests.

(c) A complete and accurate organization chart, showing the ownership and organizational structure of the Companies on the Closing Date, immediately after giving effect to the Transactions, is set forth on Schedule 3.07(c).

Section 3.08 **Litigation; Compliance with Legal Requirements.** (a) There are no actions, suits, claims, disputes, investigations, suspensions, or proceedings at law or in equity by or before any Governmental Authority now pending or, to the best of the knowledge of any Loan Party, threatened against any Company or any business, property or rights of any Company in writing, (i) that purport to affect or involve any Loan Document or any of the Transactions or (ii) that have resulted, or if adversely determined, could, individually or in the aggregate, reasonably be expected to result, in a Material Adverse Effect. Without limiting the foregoing, the Company is now and, after giving effect to the Transactions, will continue to be, authorized to offer and sell franchises in each of the states in which there now exist El Pollo Loco franchises.

(b) No Company or any of its property is (i) in violation of, nor will the continued operation of its business as currently conducted violate, any Legal Requirements (including any franchise laws (including, but not limited to, The Uniform Franchise Offering Circular), regulations, rules, decrees, orders, permits, exemptions or zoning or building ordinance, code or approval or any building permits) or any restrictions of record or agreements affecting any Company's Real Property or (ii) in default with respect to any Order, in case of clauses (i) and (ii), where such violation or default, has resulted, or could, individually or in the aggregate, reasonably be expected to result, in a Material Adverse Effect.

Section 3.09 **Agreements.** No Company is in default in any manner under any provision of any indenture or other document, agreement or instrument evidencing Indebtedness or Contingent Obligation, or any other document, agreement or instrument to which it is a party or by which it or any of its property is or may be bound or subject, where such default has resulted, or could reasonably be expected to result, in a Material Adverse Effect.

Section 3.10 **Federal Reserve Regulations.** (a) No Company is engaged principally, or has one of its important activities, in the business of extending credit for the purpose of purchasing, buying or carrying Margin Stock.

(b) No part of the proceeds of any Credit Extension will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the regulations of the Board, including Regulation T, U or X. The pledge of the Securities Collateral pursuant to the Security Agreement does not violate such regulations.

Section 3.11 **Investment Company Act, etc.** No Company is (a) an "investment company" or a company "controlled" by an "investment company," as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) subject to regulation under any Legal Requirement (other than Regulation X) that limits its ability to incur, create, assume or permit to exist Indebtedness under the Loan Documents or grant any Contingent Obligation in respect of Indebtedness under the Loan Documents.

Section 3.12 **Use of Proceeds.** Borrower will use the proceeds of the Loans and the First Lien Loans to (i) repay all of the Existing Debt pursuant to the Existing Debt Repayment Documents, (ii) fund certain fees and expenses associated with the Transactions and (iii) fund working capital, capital expenditures and general corporate purposes (including to effect Permitted Acquisitions and other Investments permitted hereunder).

Section 3.13 **Taxes.** Each Company has (a) timely filed or caused to be timely filed all federal, material state, material foreign and material local Tax Returns required to have been filed by it and all such Tax Returns are true and correct in all material respects and (b) duly and timely paid or caused to be duly and timely paid all material Taxes (whether or not shown on any Tax Return) due and payable by it and all assessments received by it, except Taxes that are being contested in good faith by appropriate proceedings and for which such Company has set aside on its books adequate reserves in accordance with GAAP. Each Company has made adequate provision in accordance with GAAP for all Taxes not yet due and payable. No Company has knowledge of any proposed or pending tax assessments, deficiencies, audits or other proceedings and no proposed or pending tax assessments, deficiencies, audits or other proceedings have resulted, or could, individually or in the aggregate, reasonably be expected to result, in a Material Adverse Effect.

Section 3.14 **No Material Misstatements.** No written information, report, financial statement, certificate (including the Perfection Certificate), Borrowing Request, exhibit or schedule furnished by or on behalf of any Company to the Administrative Agent or any Lender in connection any Loan Document or included therein or delivered pursuant thereto (including the Preliminary Information Memorandum), excluding any projections and information of a general economic or industry specific nature taken as a whole and when furnished, contained or contains any material misstatement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which they were or are made, not materially misleading as of the date such information is dated or certified; *provided* that to the extent any such information, report, financial statement, exhibit or schedule constitutes a forecast or projection, each Loan Party represents and warrants only that on the date of preparation thereof such forecast or projection was prepared in good faith based upon (i) the assumptions stated therein (which assumptions are believed by the Loan Parties on the date of preparation thereof to be reasonable (it being recognized that such forecasts or projections are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ significantly from the projected results, such differences may be material, and no assurance can be given that the projected results will be realized) and (ii) accounting principles consistent with the historical financial statements of Parent.

Section 3.15 **Labor Matters.** There are no strikes, lockouts or slowdowns against any Company pending or, to the best of the knowledge of the Loan Parties, threatened that have resulted in, or could reasonably be expected to result in, a Material Adverse Effect. The hours worked by and payments made to employees of any Company have not been in violation of the Fair Labor Standards Act of 1938, as amended, or any other applicable Legal Requirement dealing with such matters in any manner that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect. All payments due from any Company, or for which any claim may be made against any Company, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Company except to the extent that the failure to do so has not resulted in, and could not reasonably be expected to result in, a Material Adverse Effect. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Company is bound.

Section 3.16 **Solvency.** Both immediately before and immediately after the consummation of the Transactions to occur on the Closing Date and immediately following the making of each Credit Extension and after giving effect to the application of the proceeds of each Credit Extension: with respect to the Parent and its subsidiaries on a consolidated basis, (A) the fair value of the properties of the Parent and its subsidiaries, taken as a whole, will exceed their debts and liabilities, subordinated, contingent or otherwise, (B) the present fair saleable value of the property of the Parent and its subsidiaries, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (C) the Parent and its subsidiaries, taken as a whole, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured, and (D) the Parent and its subsidiaries, taken as a whole, will not have unreasonably small capital with which to conduct the businesses in which they are engaged, as such businesses are now conducted and are proposed, contemplated or about to be conducted following the Closing Date.

Section 3.17 **Employee Benefit Plans.** (a) The Company and each of its ERISA Affiliates is in material compliance with all applicable Legal Requirements, including all applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder, with respect to all Employee Benefit Plans. Each Employee Benefit Plan complies in all material respects, and is operated and maintained in compliance in all material respects, with all applicable Legal Requirements, including all applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder. Each Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination from the Internal Revenue Service for all required amendments and nothing has occurred which could reasonably be expected to prevent, or cause the loss of, such qualification.

(b) No ERISA Event has occurred or is expected to occur. No Pension Plan has any Unfunded Pension Liability. Within the last six years, no Pension Plan has been terminated, whether or not in a “standard termination” as that term is used in Section 4041 of ERISA, nor has any Pension Plan (determined at any time within the last six years) with an Unfunded Pension Liability been transferred outside of the “controlled group” (within the meaning of Section 4001(a)(14) of ERISA) of any Company or any of its ERISA Affiliates. Using actuarial assumptions and computation methods consistent with subpart I of subtitle E of Title IV of ERISA, the aggregate liabilities of any Company or any of its ERISA Affiliates to all Multiemployer Plans in the event of a complete withdrawal therefrom, as of the close of the most recent fiscal year of each such Multiemployer Plan, have not resulted in, and could not reasonably be expected to result in, a Material Adverse Effect.

(c) Except to the extent required under (i) Section 4980B of the Code or applicable state law or (ii) the terms of any employment agreement, no Employee Benefit Plan provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of any Company or any of its ERISA Affiliates.

Section 3.18 **Environmental Matters.**

(a) Except as could not reasonably be expected to result in a Material Adverse Effect:

(i) the Companies and their businesses, operations and Real Property are and have at all times during the Companies’ ownership or lease thereof been in compliance with, and the Companies have no liability under, any applicable Environmental Law;

(ii) the Companies have obtained all Environmental Permits required for the conduct of their businesses and operations, and the ownership, operation and use of their Real Property, under all applicable Environmental Laws. The Companies are in compliance with the terms and conditions of such Environmental Permits, and all such Environmental Permits are valid and in good standing. No expenditures or operational adjustments are reasonably anticipated to be required to remain in compliance with the terms and conditions of, or to renew or modify such Environmental Permits during the next five years;

(iii) there has been no Release or threatened Release or any handling, management, generation, treatment, storage or disposal of, or exposure to, Hazardous Materials on, at, under or from any Real Property or facility presently or formerly owned, leased or operated by any of the Companies or their predecessors in interest that has resulted in, or is reasonably likely to result in, liability or obligations by any of the Companies under Environmental Law or in an Environmental Claim;

(iv) there is no Environmental Claim pending or, to the knowledge of the Loan Parties, threatened against any of the Companies, or relating to the Real Property currently or formerly

owned, leased or operated by any of the Companies or relating to the operations of the Companies and, to the knowledge of the Loan Parties, there are no actions, activities, circumstances, conditions, events or incidents that are reasonably likely to form the basis of such an Environmental Claim;

(v) no person with an indemnity, contribution or other obligation to any of the Companies relating to compliance with or liability under Environmental Law is in default with respect to any such indemnity, contribution or other obligation;

(vi) no Company is obligated to perform any action or otherwise incur any expense under Environmental Law, including pursuant to any Order or agreement by which it is bound or has assumed by contract or agreement, and no Company is conducting or financing any Response pursuant to any Environmental Law with respect to any Real Property or any other location;

(vii) no Real Property or facility owned, operated or leased by the Companies and, to the knowledge of the Loan Parties, no Real Property or facility formerly owned, operated or leased by any of the Companies or any of their predecessors in interest is (i) listed or proposed for listing on the National Priorities List as defined in and promulgated pursuant to CERCLA or (ii) listed on the Comprehensive Environmental Response, Compensation and Liability Information System promulgated pursuant to CERCLA or (iii) included on any similar list maintained by any Governmental Authority that indicates that any Company has or is reasonably likely to have an obligation to undertake investigatory or remediation obligations under applicable Environmental Laws;

(viii) there are no underground or aboveground storage tanks, whether empty or containing any Hazardous Material, located on any Real Property; and

(ix) no Lien has been recorded or, to the knowledge of any Loan Party, threatened under any Environmental Law with respect to any Real Property or property of the Companies.

(b) The Companies have made available to the Lenders all material records and files in the possession, custody or control of, or otherwise reasonably available to, the Companies concerning compliance with or liability or obligation under Environmental Law, including those concerning the condition of the Real Property or the actual or suspected existence or Release of Hazardous Materials at, under or from Real Property or facilities currently or formerly owned, operated, leased or used by any of the Companies.

Section 3.19 **Insurance**. Schedule 3.19 sets forth a true, complete and accurate description in reasonable detail of all insurance maintained by each Company as of the Closing Date. The Borrower reasonably believes that the Company has insurance in such amounts and covering such risks and liabilities as are customary for companies of a similar size engaged in similar businesses in similar locations. All material insurance maintained by the Companies is in full force and effect, all premiums have been duly paid.

Section 3.20 **Security Documents**. (a) The Security Agreement is effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral and, (i) when financing statements and other filings in appropriate form are filed in the jurisdictions specified in Section I(A) and Section II(E)(1) of the Perfection Certificate (as updated in accordance with the terms hereof) and (ii) upon the taking of possession or control by the Collateral Agent (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) of the Security Agreement Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) to the extent possession or control by the Collateral Agent is required by each Security Document), the Liens created by the Security Agreement shall constitute fully perfected Liens on, and security interests in, all right, title and interest of the

grantors thereunder in the Security Agreement Collateral (other than (A) the Intellectual Property constituting Collateral and (B) such Security Agreement Collateral in which a security interest cannot be perfected under the UCC as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(b) When (i) the Security Agreement or a short form thereof is recorded in the United States Patent and Trademark Office (“USPTO”) and the United States Copyright Office (“USCO”), and (ii) financing statements and other filings in appropriate form are filed in the jurisdictions specified in Schedule I(A) of the Perfection Certificate, the Liens created by the Security Agreement shall constitute fully perfected Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Intellectual Property constituting Collateral, in each case subject to no Liens other than Permitted Liens, but subject, as to Intellectual Property acquired by a Loan Party subsequent to the date hereof, to the making of additional recordings in the USPTO or USCO, as applicable, and subject, as to Intellectual Property created under the laws of jurisdictions outside the United States, to the taking of actions appropriate under the laws of such jurisdiction to achieve perfection of the Liens in such Intellectual Property; *provided that*, pursuant to Section 5.10, no such actions need to be taken by any Loan Party.

(c) Each Mortgage is effective to create, in favor of the Collateral Agent, for its benefit and the benefit of the Secured Parties, legal, valid and enforceable first priority Liens (subject to the terms of the Intercreditor Agreement) on, and security interests in, all of the Loan Parties’ right, title and interest in and to the Mortgaged Properties thereunder and the proceeds thereof, subject only to Permitted Liens, and when the Mortgages are filed in the offices specified on Schedule 3.20(c) (or, in the case of any Mortgage executed and delivered after the date thereof in accordance with the provisions of Sections 5.10 and 5.11, when such Mortgage is filed in the offices specified in the local counsel opinion delivered with respect thereto in accordance with the provisions of Sections 5.10 and 5.11), the Mortgages shall constitute fully perfected Liens on, and security interests in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, in each case prior and superior in right to any other person, other than Permitted Liens.

(d) Each Security Document delivered pursuant to Sections 5.10 and 5.11 will, upon execution and delivery thereof, be effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, all of the Loan Parties’ right, title and interest in and to the Collateral thereunder, and (i) when all appropriate filings or recordings are made in the appropriate offices as may be required under applicable Legal Requirements and (ii) upon the taking of possession or control by the Collateral Agent (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) of such Collateral with respect to which a security interest may be perfected only by possession or control (which such possession or control shall be given to the Collateral Agent (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) to the extent required by any Security Document), the Liens in favor of the Collateral Agent created under such Security Document will constitute valid, enforceable and fully perfected first priority Liens (subject to the terms of the Intercreditor Agreement) on, and security interests in, all right, title and interest of the Loan Parties in such Collateral, in each case subject to no Liens other than Permitted Liens.

Section 3.21 **Anti-Terrorism Law; Foreign Corrupt Practices Act.** (a) No Company and, to the knowledge of the Loan Parties, none of its Affiliates is in violation of any Legal Requirements relating to terrorism or money laundering (“**Anti-Terrorism Laws**”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “**Executive Order**”), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (the “**Patriot Act**”).

(b) No Company, and to the knowledge of the Loan Parties, no Affiliate or broker or other agent of any Loan Party acting or benefiting in any capacity in connection with the Credit Extensions is any of the following:

(i) a person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a person that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control (“**OFAC**”) at its official website or any replacement website or other replacement official publication of such list.

(c) No Company and, to the knowledge of the Loan Parties, no broker or other agent of any Company acting in any capacity in connection with the Loans (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in Section 3.21(b) (other than ordinary course retail transactions), (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(d) No Company nor any director or officer, nor to the knowledge of the Loan Parties, any agent, employee or other person acting, directly or indirectly, on behalf of any Company, has, in the course of its actions for, or on behalf of, any Company, directly or indirectly, materially (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

Section 3.22 **Subordinated Indebtedness**. Without limiting the foregoing, the Secured Obligations and the Guaranteed Obligations are, and at all times shall be designated, “Senior Debt”, “Designated Senior Debt” or the equivalent thereof for all purposes of all Subordinated Indebtedness.

Section 3.23 **Bank Accounts**. The account numbers, names of the applicable financial institutions, and locations of all bank accounts, deposit accounts, and investment accounts of Borrower and/or any of its Subsidiaries as of the Closing Date are set forth on Schedule 3.23 (as such Schedule may be amended by delivery of an amended Schedule to the Administrative Agent) hereto (the “**Operating Accounts**”), which Schedule identifies all Operating Accounts (if any) used as tax accounts or payroll accounts.

#### ARTICLE IV.

##### CONDITIONS TO CREDIT EXTENSIONS

Section 4.01 **Conditions to Initial Credit Extension**. The obligation of each Lender to fund the initial Credit Extension requested to be made by it shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.01.

(a) **Loan Documents**. All legal matters incident to this Agreement, the Credit Extensions hereunder and the other Loan Documents shall be reasonably satisfactory to the Lenders and to the

Administrative Agent and there shall have been delivered to the Administrative Agent a properly executed counterpart of each of the Loan Documents and the Perfection Certificate, by each of the parties, respectively, thereto (or written evidence reasonably satisfactory to the Administrative Agent (which may include a facsimile transmission or PDF copy of a signed signature page to each such Loan Document and the Perfection Certificate) that each such party has signed, as applicable, a counterpart to each such Loan Document and the Perfection Certificate).

(b) Corporate Documents. The Administrative Agent shall have received:

(i) a certificate of the secretary or assistant secretary of each Loan Party dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of each Organizational Document of such Loan Party certified (to the extent applicable) as of a recent date by the Secretary of State of the state of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of Borrower, the Credit Extensions hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and (C) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party (together with a certificate of another officer as to the incumbency and specimen signature of the secretary or assistant secretary executing the certificate required by this clause (i));

(ii) a certificate as to the good standing of each Loan Party as of a recent date, from such Secretary of State; and

(iii) such other documents, instruments or certificates as the Administrative Agent may reasonably request in connection with the Transactions.

(c) Officers' Certificate. The Administrative Agent shall have received a certificate, dated the Closing Date and signed by the chief executive officer or the chief financial officer of Borrower, confirming compliance with the conditions precedent set forth in Section 4.01(j), (k) and (q) and Section 4.02(b) and (c).

(d) Financings and Other Transactions, Etc. Each of the Transaction Documents shall be in form and substance reasonably satisfactory to the Administrative Agent and each of the Lenders, and shall be in full force and effect on the Closing Date. The Transactions shall have been consummated or shall be consummated simultaneously on the Closing Date, in each case in accordance with the terms hereof and the terms of the Transaction Documents, without the waiver or amendment of any such terms not approved by the Administrative Agent (other than with respect to the Loan Documents and the First Lien Loan Documents, to the extent such waiver or amendment could reasonably be expected to be adverse to the Lenders in any material respect).

(i) Borrower shall have received or shall receive simultaneously on the Closing Date \$190,000,000 in aggregate principal amount of the First Lien Term Loans and concurrently consummated the transactions under the First Lien Loan Documents; and

(ii) the Administrative Agent shall have received evidence that the Existing Debt has been discharged and all Liens in favor of all lenders and agents holding such debt released, in each case, pursuant to the Existing Debt Repayment Documents; there shall have been delivered to the Administrative Agent a properly executed counterpart of each of the Existing Debt Repayment Documents by each of the parties, respectively, thereto (or written evidence reasonably satisfactory to the Administrative Agent (which may include a facsimile transmission or PDF copy of a signed signature page to each such Existing Debt Repayment Document) that each such party has signed, as applicable, a counterpart to each such Existing Debt Repayment Document).

(e) Projections. The Lenders shall have received the financial statements described in Section 3.04 and the Projections described in Section 3.04.

(f) Indebtedness. After giving effect to the Transactions and the other transactions contemplated hereby, no Company shall have outstanding any Indebtedness for borrowed money or Preferred Stock other than (i) the Loans and Credit Extensions hereunder, (ii) the First Lien Loans, (iii) the Indebtedness listed on Schedule 6.01(b) and (iv) Indebtedness owed to any Loan Party.

(g) Opinions of Counsel. The Administrative Agent shall have received, on behalf of itself, the other Agents and the Lenders, a favorable written opinion in form and substance reasonably satisfactory to the Administrative Agent of (i) Skadden Arps, Slate, Meagher & Flom, LLP, special counsel for the Loan Parties and (ii) each local counsel, if any, listed on Schedule 4.01(g)(ii).

(h) Solvency Certificate. The Administrative Agent shall have received a solvency certificate (a “**Solvency Certificate**”) in the form of Exhibit M, dated the Closing Date and signed by the chief financial officer or chief executive officer of Borrower.

(i) Legal Requirements. The Administrative Agent shall be satisfied that each Company, and the Transactions shall be in full compliance with all material Legal Requirements, including Regulations T, U and X of the Board, and shall have received satisfactory evidence of such compliance reasonably requested by them.

(j) Consents. The Administrative Agent shall be satisfied that all requisite Governmental Authorities, equity holders and third parties shall have approved, authorized or consented to the Transactions, and there shall be no governmental or judicial action, that has or would have, individually or in the aggregate, a Material Adverse Effect on the Transactions.

(k) Litigation. There shall not exist any claim, action, suit, investigation, litigation or proceeding pending or threatened in writing by or before any court, or any governmental, administrative or regulatory agency or authority, domestic or foreign, that, in the opinion of the Administrative Agent has had, or could reasonably be expected to result in, a Material Adverse Effect, on the ability of any Company to perform its obligations under the Loan Documents or the First Lien Loan Documents or the ability of the parties to consummate the financings contemplated hereby or the other Transactions.

(l) Use of Proceeds. The proceeds of all Credit Extensions shall be used as set forth in Section 3.12.

(m) Fees. The Lead Arranger and Administrative Agent shall have received all Fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced one Business Day prior to the Closing Date, reimbursement or payment of all reasonable out-of-pocket expenses (including the premiums and recording taxes and fees and the legal fees and expenses of Shearman & Sterling LLP, special counsel to the Administrative Agent and the Lead Arranger, and the fees and expenses of a single local counsel in each relevant jurisdiction) required to be reimbursed or paid by the Loan Parties hereunder or under any other Loan Document (but in any event, subject to the Fee Letter).

(n) Personal Property Requirements. The Collateral Agent shall have received:

(i) all certificates, agreements or instruments representing or evidencing the Securities Collateral accompanied by instruments of transfer and stock powers undated and endorsed in blank;

(ii) the Intercompany Note executed by and among the Companies, accompanied by an endorsement to the Intercompany Note in the form attached thereto, undated and endorsed in blank by each of the Loan Parties;



(iii) all other certificates, agreements, or instruments necessary to perfect the Collateral Agent's security interest in all chattel paper, all Instruments, all accounts identified in Section 3.23 and all Investment Property of each Loan Party (as each such term is defined in, and to the extent required by, the Security Agreement);

(iv) UCC financing statements in appropriate form for filing under the UCC, filings with the United States Patent and Trademark Office and United States Copyright Office and such other documents under applicable Legal Requirements in each jurisdiction as may be necessary or appropriate or, in the opinion of the Collateral Agent, desirable to perfect the Liens created, or purported to be created, by the Security Documents; and

(v) copies, each as of a recent date, of (x) the UCC searches requested by the Administrative Agent and (y) such other searches that the Collateral Agent deems necessary or appropriate.

(o) [Reserved].

(p) Insurance. The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 5.04 and the applicable provisions of the Security Documents, each of which shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable or mortgagee endorsement (as applicable) and shall name the Collateral Agent, on behalf of the Secured Parties, as additional insured, in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent.

(q) Material Adverse Effect. Since December 26, 2012, there shall not have occurred a Material Adverse Effect nor shall there exist any facts, circumstances, developments or events that could reasonably be expected to cause or result in a Material Adverse Effect.

Section 4.02 Conditions to All Credit Extensions. The obligation of each Lender to make any Credit Extension (including the initial Credit Extension) shall be subject to the satisfaction of each of the conditions precedent set forth below:

(a) Notice. The Administrative Agent shall have received a Borrowing Request as required by Section 2.03 (or such notice shall have been deemed given in accordance with Section 2.03) if Loans are being requested.

(b) No Default. At the time of and immediately after giving effect to such Credit Extension and the application of the proceeds thereof, no Default or Event of Default shall have occurred and be continuing on such date.

(c) Representations and Warranties. Each of the representations and warranties made by any Loan Party set forth in Article III or in any other Loan Document shall be true and correct in all material respects on and as of the date of such Credit Extension with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects on and as of such earlier date); *provided* that any representation and warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

Each of the delivery of a Borrowing Request and the acceptance by Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by Borrower and each other Loan Party that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the conditions contained in this Section 4.02 have been satisfied.

## ARTICLE V.

### AFFIRMATIVE COVENANTS

Each Loan Party warrants, covenants and agrees with the Administrative Agent, the Collateral Agent, and each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest and premium (if any) on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full, each Loan Party will, and will cause each of its Subsidiaries to:

Section 5.01 **Financial Statements, Reports, etc.** Furnish to the Administrative Agent for distribution to the Lenders:

(a) **Annual Reports.** As soon as available and in any event within 105 days after the end of each fiscal year, (i) the consolidated balance sheet of Borrower as of the end of such fiscal year and related consolidated statements of income, cash flows and stockholders' equity for such fiscal year, in comparative form with such financial statements as of the end of, and for, the preceding fiscal year, and notes thereto, all prepared in accordance with GAAP and accompanied by an opinion of BDO USA, LLP, a "Big Four" accounting firm (or other accounting firm accredited by the Public Company Accounting Oversight Board) or other independent public accountants of recognized standing reasonably satisfactory to the Administrative Agent (which opinion shall not be qualified as to scope or contain any going concern or other material qualification or exemption, other than with respect to or resulting from the maturity of any Loans under this Agreement or the First Lien Loan Documents maturing within one year from the time such opinion is given), stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of Borrower as of the dates and for the periods specified in accordance with GAAP and (ii) a management's discussion and analysis of the financial condition and results of operations for such fiscal year, as compared to the previous fiscal year;

(b) **Quarterly Reports.** As soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year, (i) the internally generated consolidated balance sheet of Borrower as of the end of such fiscal quarter and related consolidated statements of income and cash flows for such fiscal quarter and for the then elapsed portion of the fiscal year, in comparative form with the consolidated statements of income and cash flows for the comparable periods in the previous fiscal year, and notes thereto, all prepared in accordance with GAAP and accompanied by a certificate of a Financial Officer stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of Borrower as of the date and for the periods specified in accordance with GAAP consistently applied, and on a basis consistent with audited financial statements referred to in clause (a) of this Section 5.01, subject to normal year-end audit adjustments and the absence of footnotes, and (ii) a management's discussion and analysis of the financial condition and results of operations for such fiscal quarter and the then elapsed portion of the fiscal year, as compared to the comparable periods in the previous fiscal year and budgeted amounts;

(c) **Financial Officer's Certificate.** (i) Concurrently with any delivery of financial statements under Section 5.01(a) or (b) above, a Compliance Certificate certifying that no Default or Event of Default has occurred or, if such a Default has occurred, specifying in reasonable detail the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto; (ii) concurrently with any delivery of financial statements under Section 5.01(a) or (b) above, a Compliance Certificate setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Section 6.10; (iii) in the case of Section 5.01(a), above, setting forth Borrower's calculation of Excess Cash Flow; and (iv) in the case of Section 5.01(a), above, a report of the accounting firm opining on or certifying such financial statements stating that in the course of its regular audit of the financial statements of Borrower and its Subsidiaries, which audit was conducted in accordance with GAAP, such accounting firm obtained no knowledge that any Default has occurred or, if in the opinion of such accounting firm such a Default has occurred, specifying in reasonable detail the nature and extent thereof, in each case insofar as such Default relates to accounting matters (provided, however, that such report may indicate that the accounting firm's audit was not directed primarily toward obtaining knowledge of such noncompliance);

(d) [Reserved];

(e) **Budgets.** Within 30 days after the first day of each fiscal year of Borrower, a budget in form reasonably satisfactory to the Administrative Agent (including budgeted consolidated statements of income and cash flows and balance sheets) prepared by Borrower for each fiscal quarter of such fiscal year prepared in detail with appropriate presentation and discussion in reasonable detail of the principal assumptions upon which such budget is based, accompanied by a certificate of a Financial Officer of Borrower certifying that the budget of Borrower and its Subsidiaries is a reasonable forecasted estimate for the period covered thereby;

(f) [Reserved];

(g) [Reserved];

(h) **Certification of Public Information.** The Borrower and each Lender acknowledge that certain of the Lenders may be Public Lenders and, if documents or notices required to be delivered pursuant to this [Section 5.01](#) or otherwise are being distributed through a Platform, any document or notice that the Borrower has indicated contains Non-Public Information shall not be posted on that portion of the Platform designated for such Public Lenders. The Borrower agrees to clearly designate all information provided to the Administrative Agent by or on behalf of the Borrower which is suitable to make available to Public Lenders. If the Borrower has not indicated whether a document or notice delivered pursuant to this [Section 5.01](#) contains Non-Public Information, the Administrative Agent reserves the right to post such document or notice solely on that portion of the Platform designated for Lenders who wish to receive material Non-Public Information with respect to the Borrower, its Subsidiaries and their securities; and

(i) **Other Information.** Promptly, from time to time, such other information regarding the operations, business affairs and financial condition of any Company, or compliance with the terms of any Loan Document, or the environmental condition of any Real Property, as the Administrative Agent or, if any Event of Default has occurred and is then continuing, the Required Lenders may reasonably request.

Section 5.02 **Litigation and Other Notices.** Furnish to the Administrative Agent for distribution to Lenders written notice of the following promptly (and, in any event, within 5 Business Days following the date on which a Responsible Officer or any senior vice-president obtains knowledge thereof):

(a) any Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit, litigation or proceeding, whether at law or in equity or otherwise by or before any Governmental Authority, (i) against any Company that has had, or could reasonably be expected to result in, a Material Adverse Effect, (ii) with respect to any Loan Document or (iii) with respect to any of the other Transactions;

(c) any development that has resulted, or could reasonably be expected to result, in a Material Adverse Effect;

(d) the occurrence of a Casualty Event in excess of \$5,000,000 (whether or not covered by insurance);

(e) the occurrence of any ERISA Event that alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of Borrower and its Subsidiaries in an aggregate amount exceeding \$2,000,000; and

(f) the receipt by any Company of any notice of any Environmental Claim or violation of or potential liability under, or knowledge by any Company that there exists a condition that has resulted, or could reasonably be expected to result, in an Environmental Claim or a violation of or liability under, any Environmental Law, except for Environmental Claims, violations and liabilities the consequence of which, in the aggregate, have not and could not be reasonably likely to subject the Companies collectively to liabilities exceeding \$2,000,000.

Section 5.03 **Existence; Businesses and Properties.** (a) Do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.05 or Section 6.06.

(b) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, privileges, franchises, authorizations, patents, copyrights, trademarks and trade names, in each case, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; maintain and operate such business in accordance with Section 6.15; comply with all applicable Legal Requirements (including any and all zoning, building, Environmental Law, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Real Property) and decrees and Orders of any Governmental Authority, whether now in effect or hereafter enacted, except where the failure to comply with such Legal Requirements could not reasonably be expected to result in a Material Adverse Effect; pay and perform its obligations under all Leases and Transaction Documents (other than the Loan Documents) except where the failure to perform such obligations could not reasonably be expected to result in a Material Adverse Effect; and except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, at all times maintain, preserve and protect all property and keep such property in good repair, working order and condition (other than wear and tear occurring in the ordinary course of business) and from time to time make, or cause to be made, all necessary and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times; *provided* that nothing in this Section 5.03(b) shall prevent (i) Dispositions of property, consolidations or mergers by or involving any Company in accordance with Section 6.05 or Section 6.06; (ii) the withdrawal by any Company of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to result in a Material Adverse Effect; or (iii) the abandonment or other failure to maintain, preserve, renew, extend, protect or keep in full force and effect (except where the failure to do so could reasonably be expected to have a Material Adverse Effect) by any Company of any Intellectual Property that such Company reasonably determines is not useful in any material respect to its businesses or no longer commercially desirable.

Section 5.04 **Insurance.** (a) Maintain insurance, to such extent and against such risks as the Borrower reasonably believes is customary for companies in the same or similar businesses operating in the same or similar locations, including insurance with respect to Mortgaged Properties and other properties material to the business of the Companies against such casualties and contingencies and of such types and in such amounts with such deductibles as is customary in the case of similar businesses operating in the same or similar locations.

(b) All such property and liability insurance shall (i) name the Collateral Agent as mortgagee (in the case of property insurance) or additional insured on behalf of the Secured Parties (in the case of liability insurance) or loss payee (in the case of property insurance), as applicable, and (ii) be reasonably satisfactory in all other material respects to the Collateral Agent.

(c) With respect to each Mortgaged Property, obtain flood insurance in such total amount as the Administrative Agent or the Required Lenders may from time to time reasonably require, if at any time the area in which any improvements located on any Mortgaged Property is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as amended.

(d) Deliver to the Administrative Agent, the Collateral Agent and the Lenders a report of a reputable insurance broker with respect to such insurance and such supplemental reports with respect thereto as the Administrative Agent or the Collateral Agent may from time to time reasonably request (but, other than as may be required in connection with any Acquisition or under Section 5.10 hereof, in no event more than one time per calendar year unless an Event of Default has occurred and is continuing).

Section 5.05 **Obligations and Taxes.** (a) Pay and discharge promptly when due all material Taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, services, materials and supplies or otherwise that, if unpaid, might give rise to a Lien other than a Permitted Lien upon such properties or any part thereof; *provided* that such payment and discharge shall not be required with respect to any such Tax, assessment, charge, levy or claim so long as (i) the validity or amount thereof shall be contested in good faith by appropriate proceedings timely instituted and diligently conducted and the applicable Company shall have set aside on its books adequate reserves or other appropriate provisions with respect thereto in accordance with GAAP, and (ii) such contest operates to suspend collection of the contested obligation, Tax, assessment or charge and enforcement of a Lien other than a Permitted Lien.

(b) Timely and correctly file all income (federal, state and local) Tax Returns and other material Tax Returns required to be filed by it.

(c) Borrower does not intend to treat the Loans as being a “reportable transaction” within the meaning of Treasury Regulation Section 1.6011-4. In the event Borrower determines to take any action inconsistent with such intention, it will promptly notify the Administrative Agent thereof.

Section 5.06 **Employee Benefits.** (a) Comply in all material respects with all applicable Legal Requirements, including the applicable provisions of ERISA and the Code with respect to all Employee Benefit Plans and (b) furnish to the Administrative Agent (x) as soon as possible after, and in any event within five Business Days after any Responsible Officer of any Company or any ERISA Affiliate of any Company knows or has reason to know that, any ERISA Event or other material event with respect to an Employee Benefit Plan has occurred that, alone or together with any other ERISA Event could reasonably be expected to result in liability of the Companies or any of their ERISA Affiliates in an aggregate amount exceeding \$2,000,000 or the imposition of a Lien, a statement of a Financial Officer of Borrower setting forth details as to such ERISA Event and the action, if any, that the Companies propose to take with respect thereto, and (y) upon request by the Administrative Agent, copies of (i) annual report (Form 5500 Series) filed by any Company or any of its ERISA Affiliates with the Employee Benefits Security Administration with respect to each Employee Benefit Plan; (ii) if available, the most recent actuarial valuation report for each Pension Plan; (iii) all notices received by any Company or any of its ERISA Affiliates from a Multiemployer Plan sponsor or any governmental agency concerning an ERISA Event; and (iv) such other information, documents or governmental reports or filings relating to any Employee Benefit Plan as the Administrative Agent shall reasonably request.

Section 5.07 **Maintaining Records; Access to Properties and Inspections; Annual Meetings.** (a) Keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all Legal Requirements are made of all dealings and transactions in relation to its business and activities. Each Company will permit any representatives designated by the Administrative Agent or, upon the occurrence and during the continuation of any Event of Default, any Lender (i) to visit and inspect the financial records and the property of such Company upon reasonable prior notice and, at reasonable times not more than once per fiscal year during normal business hours (other than at any time during the continuance of any Event of Default), and (ii) to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent or, upon the occurrence and during the continuation of any Default or Event of Default, any Lender to discuss the affairs, finances, accounts and condition of any Company with the officers and employees thereof and advisors therefor (including independent accountants; *provided* that the Borrower shall have the right to participate in any discussions with independent accountants).

(b) Prior to the occurrence of an IPO, within 15 days after the delivery of financial statements required to be delivered pursuant to Sections 5.01(a), use commercially reasonable efforts to hold a conference call (which shall be divided into separate presentations for Public Lenders and Private Siders) with all Lenders who choose to participate in such conference call on which conference call shall be reviewed the financial results of the previous fiscal year period and the financial condition of the Companies and the budgets presented for the current fiscal year period of the Companies.

Section 5.08 **Use of Proceeds**. Use the proceeds of the Loans only for the purposes set forth in [Section 3.12](#).

Section 5.09 **Compliance with Environmental Laws; Environmental Reports**. (a) Except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, comply, and use commercially reasonable efforts to cause all lessees and other persons occupying Real Property owned, operated or leased by any Company to comply, in all material respects, with all Environmental Laws and Environmental Permits applicable to its operations and the Real Property; obtain and maintain in full force and effect all material Environmental Permits applicable to its operations and the Real Property; and conduct all Responses required by any Governmental Authority or under any applicable Environmental Laws, and in accordance with, the requirements of any Governmental Authority and applicable Environmental Laws.

(b) Take commercially reasonable efforts to do or cause to be done all things necessary to prevent any material Release of Hazardous Materials in, on, under, at, to or from any Real Property owned, leased or operated by any of the Companies or their predecessors in interest except in full compliance with applicable Environmental Laws or an Environmental Permit and to ensure that there shall be no Hazardous Materials in, on, under or from any Real Property owned, leased or operated by any of the Companies except those that are used, stored, handled and managed in full compliance with applicable Environmental Laws.

(c) Undertake all actions, including Response actions, necessary, at the sole cost and expense of Borrower, (i) to address any Release of Hazardous Materials on, at, under, from or onto any Real Property owned, leased or operated by any of the Companies or their predecessors in interest as required pursuant to Environmental Law or the requirements of any Governmental Authority; (ii) to address, to the extent required by applicable Environmental Laws or to eliminate any imminent or substantial risk to human health or the Environment, any material environmental conditions relating to any Company, any Company's business or to any Real Property, owned, leased or operated by any of the Companies pursuant to any reasonable written request of the Administrative Agent and share with the Administrative Agent all data, information and reports generated or prepared in connection therewith; (iii) to keep any Real Property owned, leased or operated by any of the Companies free and clear of all Liens and other encumbrances pursuant to any Environmental Law, whether due to any act or omission of any Company or any other person; and (iv) in any event which could reasonably be expected to result in liability to the Companies exceeding \$5,500,000, to promptly notify the Administrative Agent in writing of: (1) any Release or threatened Release of Hazardous Materials in, on, under, at, from or migrating to any Real Property owned, leased or operated by any of the Companies, except those that are pursuant to and in compliance with the terms and conditions of an Environmental Permit, (2) any non-compliance with, or violation of, any Environmental Law applicable to any Company, any Company's business and any Real Property owned, leased or operated by any of the Companies, (3) any Lien pursuant to Environmental Law imposed on any Real Property owned, leased or operated by any of the Companies, (4) any investigation or remediation of any Real Property owned, leased or operated by any of the Companies required to be undertaken pursuant to Environmental Law, and (5) any notice or other communication received by any Company from any person or Governmental Authority relating to any Environmental Claim or liability or potential liability of any Company pursuant to any Environmental Law.

(d) Except where failure to do so could not reasonably be expected to have a Material Adverse Effect, diligently pursue and use reasonable best efforts to cause any person with a material indemnity, contribution or other obligation to any of the Companies in an aggregate amount in excess of

\$2,750,000 relating to compliance with or liability under Environmental Law to satisfy such material obligations in full and in a timely manner; *provided, however*, that if the Loan Parties determine in their best business judgment that it is not financially prudent to pursue such indemnity, contribution or other obligation, they shall advise the Administrative Agent of such determination and shall obtain the Administrative Agent's written consent (which shall not be unreasonably withheld) not to pursue such indemnity, contribution or other obligation, as the case may be. To the extent that such person has not fully satisfied or is not diligently undertaking the necessary actions to achieve satisfaction of such material obligations, the Companies shall promptly undertake all action necessary to achieve full and timely satisfaction of such material obligations.

Section 5.10 **Additional Collateral; Additional Guarantors.** (a) Subject to this Section 5.10, with respect to any property acquired after the Closing Date by any Loan Party that is intended to be subject to the Lien created by any of the Security Documents but is not so subject (but, in any event, excluding any Equity Interest of a Foreign Subsidiary not required to be pledged pursuant to the last sentence of Section 5.10(b)), promptly (and in any event within 20 Business Days after the acquisition thereof, unless extended by the Administrative Agent in writing in its sole discretion) (i) execute and deliver (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) to the Administrative Agent and the Collateral Agent such amendments or supplements to the relevant Security Documents or such other documents as the Administrative Agent or the Collateral Agent shall deem necessary or advisable to grant to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, a Lien on such property subject to no Liens other than Permitted Liens, (ii) if reasonably requested by the Administrative Agent, deliver opinions of counsel to Borrower in form and substance, and from counsel, reasonably acceptable to the Administrative Agent, and (iii) take all actions necessary to cause such Lien to be duly perfected to the extent required by such Security Documents in accordance with all applicable Legal Requirements, including the filing of financing statements in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent. Notwithstanding anything to the contrary herein, the Loan Parties shall not have any obligation to perfect Liens on the Intellectual Property Collateral in any jurisdiction other than in the United States. Borrower and the other Loan Parties shall otherwise take such actions and execute and/or deliver (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) to the Collateral Agent such documents as the Administrative Agent or the Collateral Agent shall require to confirm the validity, perfection and priority of the Lien of the Security Documents against such after-acquired properties.

(b) With respect to any person that is or becomes (A) a guarantor under the First Lien Loan Documents or otherwise guarantees the payment and/or performance of all or any portion of the Indebtedness or obligations under or in respect of any or all of the First Lien Loan Documents (each such person, a "**First Lien Guarantor**") or (B) a wholly-owned Subsidiary of a Loan Party after the Closing Date, promptly (and in any event within (x) five Business Days after such person becomes a First Lien Guarantor and (y) 20 Business Days after such person becomes a Subsidiary), in each case, unless extended by the Administrative Agent in writing in its sole discretion), (i) deliver to the Collateral Agent (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) the certificates, if any, representing all of the Equity Interests of such Subsidiary, together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of the holder(s) of such Equity Interests, and all intercompany notes owing from such Subsidiary to any Loan Party together with instruments of transfer executed and delivered in blank by a duly authorized officer of such Loan Party and (ii) cause such new Subsidiary (A) to execute a joinder agreement to the Intercreditor Agreement and to execute a Joinder Agreement to become a Subsidiary Guarantor and a Pledgor, (B) deliver opinions of counsel to Borrower in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent, and (C) to take all actions necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent to cause the Lien created by the applicable Security Document to be duly perfected to the extent required by such Security Document in accordance with all applicable Legal Requirements, including the filing of financing statements (or equivalent registrations) in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent. Notwithstanding the foregoing, (1) the Equity Interests required to be delivered to the Collateral Agent (or its non-fiduciary agent or designee, subject to the

provisions of the Intercreditor Agreement) pursuant to clause (i) of the preceding sentence shall not include any Equity Interests of a Foreign Subsidiary and (2) no Foreign Subsidiary shall be required to take the actions specified in clauses (i) or (ii) of the preceding sentence; *provided* that the exception contained in clause (1) shall not apply to (A) Voting Stock of any Subsidiary which is a first-tier controlled foreign corporation (as defined in Section 957(a) of the Code) representing 65% of the total voting power of all outstanding Voting Stock of such Subsidiary and (B) 100% of the Equity Interests not constituting Voting Stock of any such Subsidiary, except that any such Equity Interests constituting “stock entitled to vote” within the meaning of Treasury Regulation Section 1.956-2(c)(2) shall be treated as Voting Stock for purposes of this Section 5.10(b).

(c) With respect to any person that is or becomes a wholly-owned Subsidiary (other than a Foreign Subsidiary) of a Loan Party after the Closing Date, promptly (and in any event within 20 Business Days after such person becomes a Subsidiary), unless extended by the Administrative Agent in writing in its sole discretion) execute and deliver to the Collateral Agent (i) a counterpart to the Intercompany Note and (ii) if such Subsidiary is a Loan Party, an endorsement to the Intercompany Note (undated and endorsed in blank) in the form attached thereto, endorsed by such Subsidiary.

(d) Promptly grant to the Collateral Agent (and in any event within 30 Business Days of the acquisition thereof, unless extended by the Administrative Agent in writing in its sole discretion) a security interest in and Mortgage on each Real Property owned in fee by such Loan Party as is acquired by such Loan Party after the Closing Date and that, together with any improvements thereon, individually has a Fair Market Value of at least \$1,500,000 as additional security for the Secured Obligations (unless the subject property is already mortgaged to a third party to the extent permitted by Section 6.02). Such Mortgages shall be granted pursuant to documentation reasonably satisfactory in form and substance to the Administrative Agent and the Collateral Agent and shall constitute valid and enforceable perfected first priority Liens subject only to Permitted Liens. The Mortgages or instruments related thereto shall be duly recorded or filed by the Administrative Agent in such manner and in such places as are required by applicable Legal Requirements to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent required to be granted pursuant to the Mortgages and all taxes, fees and other charges payable in connection therewith shall be paid in full by or on behalf of the applicable Loan Party. Such Loan Party shall otherwise take such actions and execute and/or deliver to the Collateral Agent (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) such documents as the Administrative Agent or the Collateral Agent shall reasonably require to confirm the validity, enforceability, perfection and priority of the Lien of any existing Mortgage or new Mortgage against such after-acquired Real Property (including a Title Policy and a Survey (if then available)) and local counsel opinion (in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent) in respect of such Mortgage).

Section 5.11 **Security Interests; Further Assurances.** (a) Promptly, upon the reasonable request of the Administrative Agent or the Collateral Agent, at the Companies’ expense, execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise deemed by the Administrative Agent or the Collateral Agent reasonably necessary or desirable for the continued validity, enforceability, perfection and priority of the Liens on the Collateral covered thereby subject to no other Liens except Permitted Liens, or use commercially reasonable efforts to obtain any consents or waivers as may be necessary or appropriate in connection therewith.

(b) Deliver or cause to be delivered to the Administrative Agent and the Collateral Agent (or its non-fiduciary agent or designee, subject to the provisions of the Intercreditor Agreement) from time to time such other documentation, instruments, consents, authorizations, approvals and Orders in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent as the Administrative Agent and the Collateral Agent shall reasonably deem necessary or advisable to perfect or maintain the validity, enforceability, perfection and priority of the Liens on the Collateral pursuant to the Security Documents.



(c) Upon the exercise by the Administrative Agent, the Collateral Agent or any Lender of any power, right, privilege or remedy pursuant to any Loan Document which requires any consent, approval, registration, qualification or authorization of any Governmental Authority, execute and deliver all applications, certifications, instruments and other documents and papers that the Administrative Agent, the Collateral Agent or such Lender may reasonably require.

(d) If the Administrative Agent, the Collateral Agent or the Required Lenders determine that they are required by any Legal Requirements to have appraisals prepared in respect of the Real Property of any Loan Party constituting Collateral, Borrower shall provide to the Administrative Agent appraisals that satisfy the applicable requirements of the Real Estate Appraisal Reform Amendments of FIRREA and are otherwise in form and substance satisfactory to the Administrative Agent and the Collateral Agent.

(e) In furtherance of the foregoing in this Section 5.11 and Section 5.10, to the maximum extent permitted by applicable Legal Requirements, each Loan Party (A) authorizes each of the Collateral Agent and/or the Administrative Agent to execute any such documentation, consents, authorizations, approvals, Orders, applications, certifications, instruments and other documents and papers in such Loan Party's name and to file such agreements, instruments or other documents in any appropriate filing office, (B) authorizes each of the Collateral Agent and/or the Administrative Agent to file any financing statement (and/or equivalent registrations or filings) required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Loan Party, and (C) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Loan Party prior to the date hereof.

**Section 5.12 Information Regarding Collateral.** (A) Provide prior or simultaneous written notice of any proposed change (i) in any Loan Party's legal name, (ii) in the location of any Loan Party's chief executive office, (iii) in any Loan Party's organizational structure, (iv) in any Loan Party's Federal Taxpayer Identification Number or organizational identification number, if any, or (v) in any Loan Party's jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), in each case, to the Collateral Agent and the Administrative Agent (in the form of an Officers' Certificate), of its intention so to do, clearly describing such change and providing such other information in connection therewith as the Collateral Agent or the Administrative Agent may reasonably request and (B) prior to or simultaneously with any change described in clause (A) above, shall take all actions reasonably satisfactory to the Collateral Agent to maintain the validity, enforceability, perfection and priority of the security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral, if applicable. Each Loan Party shall promptly provide the Collateral Agent with certified Organizational Documents reflecting any of the changes described in the preceding sentence. Concurrently with the delivery of financial statements pursuant to Section 5.01(a), deliver to the Administrative Agent and the Collateral Agent a Perfection Certificate Supplement.

Section 5.13 **Post-Closing Collateral Matters.** The Borrower shall, and shall cause each other Company to, execute and deliver the documents and complete the tasks set forth below in this Section 5.13, in each case within the time limits specified below (in each case, as may be extended from time to time by the Administrative Agent in its reasonable discretion, upon the written request by Borrower from time to time) and so long as the Borrower shall, and shall cause each other Company to, execute and deliver the documents and otherwise be in compliance with the requirements and obligations set forth in this Section 5.13 within the time limits specified below, notwithstanding anything else to the contrary contained herein, failure to otherwise comply with the requirements of this Agreement shall not constitute a Default or Event of Default:

(a) **Real Property Collateral:** Within 90 days of the Closing Date (or such later date as permitted by the Administrative Agent in its sole discretion):

(i) with respect to each Mortgage, a policy of title insurance (or marked up title insurance commitment having the effect of a policy of title insurance) insuring the Lien of such Mortgage as a valid first mortgage Lien on the Mortgaged Property and fixtures described therein in the amount equal to not less than 115% of the Fair Market Value of such Mortgaged Property and fixtures, which Fair Market Value as of the date of the most recently available audited financial statements, is set forth on Schedule 5.13(a), which policy (or such marked-up commitment) (each, a “**Title Policy**”) shall (A) be issued by the Title Company, (B) to the extent necessary, include such reinsurance arrangements (with provisions for direct access, if necessary) as shall be acceptable to the Collateral Agent, (C) contain a “tie-in” or “cluster” endorsement, if available under applicable Legal Requirements (*i.e.*, policies which insure against losses regardless of location or allocated value of the insured property up to a stated maximum coverage amount), (D) have been supplemented by such endorsements (or where such endorsements are not available or are not available at commercially reasonable rates (as determined in Administrative Agent’s reasonable discretion), opinions of special counsel, architects or other professionals that are customary to obtain (as determined in Administrative Agent’s reasonable discretion) and that are reasonably acceptable to the Collateral Agent) as shall be reasonably requested by the Collateral Agent (including endorsements on matters relating to usury, first loss, last dollar, zoning, contiguity, revolving credit, doing business, non-imputation, public road access, survey, variable rate, environmental lien, subdivision, separate tax lot, revolving credit, and so-called comprehensive coverage over covenants and restrictions), and (E) contain no exceptions to title other than exceptions reasonably acceptable to the Collateral Agent;

(ii) with respect to each Mortgaged Property, such affidavits, certificates, information (including financial data) and instruments of indemnification (including a so-called “gap” indemnification) as shall be required to induce the Title Company to issue the Title Policy/ies and endorsements contemplated above;

(iii) evidence reasonably acceptable to the Collateral Agent of payment by Borrower of all Title Policy premiums, search and examination charges, escrow charges and related charges, mortgage recording taxes, fees, charges, costs and expenses required for the recording of the Mortgages and issuance of the Title Policies referred to above; and

(iv) Surveys (if available or required in connection with any Mortgage or Title policy) with respect to each Mortgaged Property.

(b) **Control Accounts:** Within 90 days of the Closing Date (or such later date as permitted by the Administrative Agent in its sole discretion):

(i) take all steps as shall be necessary to comply with Section 5.15; and

(ii) take all steps necessary to grant to the Administrative Agent for the benefit of the Lenders a first priority (subject to the terms of the Intercreditor Agreement) perfected security interest in all deposit and securities accounts to the extent required under the Security Agreement.

(c) **Release Documentation (Existing Debt).** Within 10 Business Days of the Closing Date, cause to be delivered to the Administrative Agent properly executed mortgage releases, releases of assignments of leases and rents and releases of security interests in Intellectual Property, in each case in proper form for recording or filing, to release and terminate of record the Liens securing the Existing Debt, in form and substance reasonably satisfactory to the Administrative Agent.

Section 5.14 **Maintenance of Ratings.** Use commercially reasonable efforts to cause the Loans and Borrower’s corporate credit to continue to be rated by Standard & Poor’s Ratings Group and Moody’s Investors Service Inc. (but not to maintain a specific rating).

Section 5.15 **Bank Accounts**. The Loan Parties will take all such steps as shall be necessary to grant to the Administrative Agent for the benefit of the Lenders a first priority (subject to the terms of the Intercreditor Agreement) perfected security interest in all funds which may be in each such Operating Account from time to time, other than (a) Operating Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Loan Party's salaried employees, (b) except to the extent permitted by the following clause (c), Operating Accounts with balances not in excess of \$100,000 at any time in any individual account or \$200,000 in the aggregate at any time for all such accounts and (c) Operating Accounts with balances not in excess of \$400,000 at any time for a period no longer than 60 days from the creation of such Operating Account or such longer period of time as may be agreed to by the Administrative Agent in writing. The Collateral Agent's rights with respect to each Operating Account subject to a Control Agreement shall be governed by such Control Agreement.

## ARTICLE VI.

### NEGATIVE COVENANTS

Each Loan Party warrants, covenants and agrees with the Administrative Agent, the Collateral Agent and each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest and premium (if any) on each Loan, all Fees and all other expenses or amounts payable under any Loan Document have been paid in full, no Loan Party will, nor will they cause or permit any Subsidiaries to:

Section 6.01 **Indebtedness and Issuance of Preferred Stock**. Incur, create, assume or permit to exist, directly or indirectly, any Indebtedness, except:

(a) Indebtedness incurred under this Agreement and the other Loan Documents;

(b) Indebtedness outstanding on the Closing Date and listed on Schedule 6.01(b);

(c) Indebtedness constituting Hedging Obligations under Permitted Hedging Agreements, in each case entered into in the ordinary course of business and not for speculative purposes or taking a "market view";

(d) Indebtedness permitted by Section 6.04 (other than pursuant to Section 6.04(s));

(e) Indebtedness of Borrower and its Subsidiaries (i) in respect of Purchase Money Obligations and Capital Lease Obligations (other than in connection with a Sale and Leaseback Transaction) in an aggregate amount not to exceed \$11,000,000 at any time outstanding and (ii) in respect of Capital Lease Obligations and Synthetic Lease Obligations that are in the nature of Sale and Leaseback Transactions to the extent permitted pursuant to Section 6.03;

(f) Indebtedness of any person that becomes a Subsidiary on or after the date hereof in an aggregate principal amount not to exceed \$11,000,000 at any time outstanding for all such Subsidiaries; *provided* that such Indebtedness (i) exists at the time such person becomes a Subsidiary, (ii) is not created in anticipation or contemplation of such person becoming a Subsidiary and (iii) is not directly or indirectly recourse to any of the Companies or any of their respective assets, other than to the person that becomes a Subsidiary;

(g) Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances or bid, performance or surety bonds issued for the account of any Company, in each case in the ordinary course of business, including guarantees or obligations of any Company with respect to letters of credit supporting such bid, performance or surety obligations (in each case other than for an obligation for money borrowed);

(h) so long as such Indebtedness remains subject to the terms of the Intercreditor Agreement, Indebtedness under the First Lien Loan Documents in an aggregate principal amount not to exceed the First Lien Cap Amount (as defined in the Intercreditor Agreement) at any time outstanding;

(i) Indebtedness of (i) a Subsidiary of Borrower that is not a Subsidiary Guarantor with respect to any Indebtedness of any other Subsidiary of Borrower that is not a Subsidiary Guarantor permitted under Section 6.01, and (ii) any Loan Party with respect to any Indebtedness of any Company that is not a Subsidiary Guarantor in an aggregate amount not to exceed \$1,100,000 at any time outstanding;

(j) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of incurrence;

(k) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(l) (x) other Indebtedness of any Company in an aggregate principal amount for all Companies not to exceed \$5,500,000 at any time outstanding, (y) other subordinated and unsecured Indebtedness of any Company in an aggregate principal amount for all Companies not to exceed \$27,500,000 at any time outstanding, provided that (A) no Default or Event of Default exists or shall result from the incurrence therefrom, (B) such Indebtedness will not mature or require any payment of principal, in each case, prior to the date which is 91 days following the Latest Maturity Date, (C) Borrower shall be in compliance on a Pro Forma Basis with all covenants set forth in Sections 6.10(a) and (b) as of the most recent Test Period (assuming, for purposes of Sections 6.10(a) and (b), that such transaction and series of related transactions had occurred on the first day of such relevant Test Period) and (z) unsecured trade payables not more than 180 days past due and other current liabilities of the Borrower or its Subsidiaries incurred in the ordinary course of business not constituting (i) Indebtedness for borrowed money or Contingent Obligations with respect thereto, or (ii) the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services;

(m) unsecured Indebtedness arising from agreements of any Company providing for indemnification or purchase price or similar adjustment obligations, in each case, incurred in connection with Investments, Permitted Acquisitions, or Dispositions, that is permitted by the terms of this Agreement, of a business, asset or Subsidiary of Borrower or a Subsidiary Guarantor in an aggregate amount not to exceed \$16,500,000 at any time outstanding, other than Contingent Obligations with respect to Indebtedness incurred by any person acquiring all or any portion of such business, assets or a Subsidiary;

(n) Indebtedness in connection with the financing of insurance premiums, in the ordinary course of business, in respect of unearned premiums payable on certain insurance policies maintained by Borrower or any Subsidiary;

(o) Indebtedness constituting amounts payable under the Management Agreement in excess of amounts permitted to be paid under this Agreement so long as such Indebtedness is subject to the Management Fee Subordination Agreement and is (i) expressly subordinated to the prior payment in full in cash of all Indebtedness under the Loan Documents, (ii) will not mature or otherwise become payable prior to 91-days following the Latest Maturity Date, (iii) has no scheduled amortization of principal or required mandatory pre-payment or redemption of principal prior to 91-days following the Latest Maturity Date, (iv) does not require any payments of interest or other amounts prior to 91-days following the Latest Maturity Date, (v) contains covenants, events of default or other material terms, taken as a whole, that are not materially more restrictive to any Company than those set forth in this Agreement, taken as a whole, and (vi) is not secured by a Lien;

(p) Indebtedness of any Company owed to another Company, so long as (i) to the extent such Indebtedness is owed to a Loan Party, (A) it is represented by a note and (B) the right to receive payment

thereunder is expressly assigned to the Secured Parties and (ii) such Indebtedness is (A) expressly subordinated to the prior payment in full in cash of all Indebtedness under the Loan Documents, (B) will not mature or otherwise become payable prior to 91-days following the Latest Maturity Date, (C) has no scheduled amortization of principal or required mandatory pre-payment or redemption of principal prior to 91-days following the Latest Maturity Date, (D) does not require any payments of interest or other amounts prior to 91-days following the Latest Maturity Date, (E) contains covenants, events of default or other material terms, taken as a whole, that are not materially more restrictive to any Company than those set forth in this Agreement, taken as a whole, and (F) is not secured by a Lien;

(q) Indebtedness which represents a refinancing or renewal of any of the Indebtedness described in clauses (b), (e), (f) (h) and (l); *provided* that (A) any such refinancing Indebtedness is in an aggregate principal amount (or aggregate amount, as applicable) not greater than the aggregate principal amount (or aggregate amount, as applicable) of the Indebtedness being renewed or refinanced, *plus* the amount of any reasonable premiums required to be paid thereon and reasonable fees and expenses associated therewith, (B) such refinancing Indebtedness has a later or equal final maturity and longer or equal weighted average life to maturity than the Indebtedness being renewed or refinanced, (C) the covenants, events of default, subordination (including lien subordination) and other terms, conditions and provisions thereof (including any guarantees thereof or security documents in respect thereof) shall be, in the aggregate, not materially less favorable to the Administrative Agent, the Collateral Agent and the Lenders than those contained in the Indebtedness being renewed or refinanced, (D) no Event of Default has occurred and is continuing or would result therefrom and (E) in the case of any refinancing of Indebtedness described in clause (h) of this Section 6.01, such refinancing is otherwise permitted by the Intercreditor Agreement;

(r) Indebtedness which represents Credit Agreement Refinancing Indebtedness, Credit Agreement Refinancing Indebtedness (as defined in the First Lien Credit Agreement) or Permitted Unsecured Refinancing Debt;

(s) Indebtedness in respect of judgments or awards not resulting in an Event of Default under Section 8.01 hereof;

(t) Contingent Obligations of any Company in respect of Indebtedness otherwise permitted under this Section 6.01;

(u) Indebtedness representing deferred compensation to employees of the Borrower and its Subsidiaries incurred in the ordinary course of business

(v) Indebtedness in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies, and liabilities under employee benefit plans, including pension plans, not overdue by more than 60 days or which are being contested in good faith and by appropriate proceedings diligently conducted if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(w) Indebtedness arising subsequent to the Closing Date under any travel and entertainment card program established to enable headquarters and field staff of any Loan Party to make payments for expenses incurred related to travel and entertainment, provided that the aggregate amount of such Indebtedness shall not exceed \$550,000; and

(x) Indebtedness incurred in the ordinary course of business in respect of obligations of the Borrower or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services.

Section 6.02 **Liens**. Create, incur, assume or permit to exist, directly or indirectly, any Lien on any property now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, the **“Permitted Liens”**):

(a) inchoate Liens for taxes, assessments or governmental charges or levies not overdue by more than 60 days and Liens for taxes, assessments or governmental charges or levies, which are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP;

(b) Liens in respect of property of any Company imposed by law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's, landlords', workmen's, suppliers', repairmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business, and which, if they secure obligations that are then due and unpaid, are either not overdue by more than 60 days or are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP;

(c) any Lien in existence on the Closing Date and set forth on Schedule 6.02(c) and any Lien granted as a renewal, replacement, refinancing, extension or substitute therefor; *provided* that any such replacement or substitute Lien (i) except as permitted by Section 6.01(m), does not secure an aggregate amount of Indebtedness or other obligations, if any, greater than that secured on the Closing Date and (ii) does not encumber any property other than the property subject thereto on the Closing Date (any such Lien, an "Existing Lien");

(d) easements, rights-of-way, restrictions (including zoning restrictions), covenants, licenses, encroachments, protrusions, servitudes and other similar charges or encumbrances, and minor title deficiencies, in each case, on or with respect to any Real Property, whether now or hereafter in existence, not (i) securing Indebtedness, or (ii) individually or in the aggregate materially interfering with the ordinary conduct of the business of the Companies at or otherwise with respect to such Real Property;

(e) Liens to the extent (i) arising out of judgments, attachments or awards not constituting an Event of Default and (ii) constituting the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding;

(f) Liens (other than any Lien imposed by ERISA) (x) imposed by law or deposits made in connection therewith in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits legislation or similar law or regulations, (y) incurred in the ordinary course of business to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (in each case, exclusive of obligations for the payment of Indebtedness) or (z) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers; *provided* that (i) with respect to clauses (x), (y) and (z) of this Section 6.02(f), such Liens are for amounts not yet due and payable or delinquent or, to the extent such amounts are so due and payable, such amounts are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP and (ii) to the extent such Liens are not imposed by Legal Requirements, such Liens shall in no event encumber any property other than cash and Cash Equivalents;

(g) Leases of the properties of any Company, in each case entered into in the ordinary course of such Company's business so long as such Leases do not, individually or in the aggregate, interfere in any material respect with the ordinary conduct of the business of any Company;

(h) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by any Company in the ordinary course of business in accordance with the past practices of such Company;

(i) Liens securing Indebtedness incurred pursuant to Section 6.01(e) and refinancings thereof permitted by Section 6.01(q);

- (j) Liens under the First Lien Loan Documents securing Indebtedness permitted pursuant to Section 6.01(h) and refinancings thereof permitted by Section 6.01(g); *provided* that such Liens are subordinated to the Liens securing the Obligations in accordance with, or otherwise subject to, the terms of the Intercreditor Agreement;
- (k) Liens securing Credit Agreement Refinancing Indebtedness incurred pursuant to Section 6.01(r) and Credit Agreement Refinancing Indebtedness (as defined in the First Lien Credit Agreement) incurred pursuant to Section 6.01(r) of the First Lien Credit Agreement;
- (l) Liens on property rented to, or leased by, any Company pursuant to a Sale and Leaseback Transaction; *provided* that (i) such Sale and Leaseback Transaction is permitted by Section 6.03, (ii) such Liens do not encumber any other property of any Company, and (iii) such Liens secure only the Attributable Indebtedness incurred in connection with such Sale and Leaseback Transaction;
- (m) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Company, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements; *provided* that, unless such Liens are non-consensual and arise by operation of applicable Legal Requirements, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness;
- (n) Liens on property of a person existing at the time such person is acquired or merged with or into or consolidated with any Company to the extent permitted hereunder and any refinancings thereof permitted by Section 6.01(q); *provided* that, in connection with any refinancing, such Liens (i) do not extend to property not subject to such Liens at the time of such acquisition, merger or consolidation (other than improvements thereon), (ii) are no more favorable to the lienholders than such existing Liens and (iii) are not created in anticipation or contemplation of such acquisition, merger or consolidation;
- (o) Liens granted pursuant to the Security Documents to secure the Secured Obligations;
- (p) licenses (including licenses of Intellectual Property) granted by any Company in the ordinary course of business and not interfering in any material respect with the ordinary conduct of business of the Companies;
- (q) the filing of UCC financing statements solely as a precautionary measure in connection with operating leases or consignment of goods;
- (r) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC covering only the items being collected upon;
- (s) Liens granted by a Company in favor of a Loan Party in respect of Indebtedness owed by such Company to such Loan Party; *provided* that such Indebtedness is (i) evidenced by the Intercompany Note and (ii) pledged by such Loan Party as Collateral pursuant to the Security Documents;
- (t) any right, title and interest of the landlord under any lease pursuant to which a Company has a leasehold interest in any property or assets and any liens that have been placed by such landlord on property over which any Company has any real property interest provided that any Indebtedness or other liabilities or obligations with respect thereto shall not exceed an aggregate amount of \$1,100,000 (not including any ordinary course Real Property lease payments to the extent not then overdue) at any time outstanding;
- (u) Liens to secure obligations in an aggregate amount of obligations in respect of the financing of prepaid insurance, which Liens cover only the right to recover prepaid insurance not yet earned;

(v) options, put and call arrangements, rights of first refusal and similar rights relating to Permitted Investments in joint ventures, partnerships and the like and encumbrances or restrictions (including put and call agreements) with respect to the Capital Stock of any joint venture;

(w) Liens on any cash earnest money deposits made by any Company in connection with any letter of intent or purchase agreement with respect to a Permitted Acquisition or Asset Sale (which for the avoidance of doubt may include any proposed merger, asset or stock purchase agreement) and not to exceed 10% of the aggregate purchase price with respect thereto;

(x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(y) Liens in the nature of the right of setoff in favor of counterparties to contractual agreements with any Company arising in the ordinary course of business and not constituting Indebtedness for borrowed money or Contingent Obligations with respect thereto; and

(z) other Liens securing Indebtedness or other obligations of the Borrower or any of its subsidiaries in an aggregate principal amount not to exceed \$5,500,000 at any time outstanding.

Section 6.03 **Sale and Leaseback Transactions**. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a “**Sale and Leaseback Transaction**”) unless (i) the sale of such property is made for cash consideration in an amount not less than the Fair Market Value of such property, (ii) the Sale and Leaseback Transaction is permitted by Section 6.06 and is consummated within 60 days after the date on which such property is sold or transferred, (iii) any Liens arising in connection with its use of the property are permitted by Section 6.02(i) and (iv) the Sale and Leaseback Transaction would be permitted under Section 6.02, assuming the Attributable Indebtedness with respect to the Sale and Leaseback Transaction constituted Indebtedness under Section 6.01.

Section 6.04 **Investments, Loans and Advances**. Directly or indirectly, lend money or credit (by way of guarantee, assumption of debt or otherwise) or make advances to any person, or purchase or acquire any stock, bonds, notes, debentures or other obligations or securities of, or any other interest in, or make any capital contribution to, any other person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract (all of the foregoing, collectively, “**Investments**”), except that the following shall be permitted:

(a) the Companies may consummate the Transactions in accordance with the provisions of the Transaction Documents;

(b) Investments outstanding on the Closing Date and identified on Schedule 6.04(b);

(c) the Companies may (i) acquire and hold accounts receivables owing to any of them if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary terms, (ii) invest in, acquire and hold cash and Cash Equivalents, (iii) endorse negotiable instruments held for collection in the ordinary course of business or (iv) make lease, utility and other similar deposits in the ordinary course of business;

(d) Hedging Obligations permitted pursuant to Section 6.01(c);

(e) loans and advances to directors, employees and officers of Borrower and the Subsidiaries for *bona fide* business purposes and to purchase Equity Interests of Parent, in aggregate amount not to exceed \$1,100,000 at any time outstanding (calculated without regard to write-downs or write-offs thereof); *provided that*, following an IPO of any Company, no loans in violation of Section 402 of the Sarbanes-Oxley Act shall be permitted hereunder;



(f) Investments by (i) Borrower in any Subsidiary Guarantor, (ii) any Company in Borrower or any Subsidiary Guarantor, (iii) a Subsidiary of Borrower that is not a Subsidiary Guarantor in any other Subsidiary of Borrower that is not a Subsidiary Guarantor, (iv) any Company in any Person, if as an immediate result of such Investment, such Person becomes a Subsidiary Guarantor or such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Borrower or a Subsidiary Guarantor and (v) any Loan Party in a Company that is not a Subsidiary Guarantor in an aggregate amount not to exceed \$2,200,000 at any time outstanding; *provided* that any Investment in the form of a loan or advance shall be evidenced by the Intercompany Note and, in the case of a loan or advance by a Loan Party, pledged by such Loan Party as Collateral pursuant to the Security Documents;

(g) Investments in securities of trade creditors or customers in the ordinary course of business and consistent with such Company's past practices that are received in settlement of *bona fide* disputes or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(h) mergers and consolidations in compliance with Section 6.05;

(i) Investments made by Borrower or any Subsidiary as a result of consideration received in connection with an Asset Sale made in compliance with Sections 6.06(a), (b), (c), (d), (e), (f), (g), (h) and (i);

(j) Acquisitions of property in compliance with Section 6.07 (other than Section 6.07(a));

(k) Dividends in compliance with Section 6.08;

(l) Investments of any person that becomes a Subsidiary on or after the date hereof in existing on the date such person becomes a Subsidiary; *provided* that (i) such Investments exist at the time such person is acquired, (ii) such Investments are not made in anticipation or contemplation of such person becoming a Subsidiary, and (iii) such Investments are not directly or indirectly recourse to any of the Companies or any of their respective assets, other than to the person that becomes a Subsidiary;

(m) other Investments in an aggregate amount not to exceed \$11,000,000 at any time outstanding;

(n) unsecured intercompany loans, by any Company to Parent evidenced by the Intercompany Note for purposes and in amounts that would otherwise be permitted to be made as Dividends to Parent pursuant to Sections 6.08(b) and (c); *provided* that the principal amount of any such loans shall reduce Dollar-for-Dollar the amounts that would otherwise be permitted to be paid for such purpose in the form of Dividends pursuant to such Section;

(o) endorsements of negotiable instruments and documents in the ordinary course of business;

(p) pledges or deposits permitted under Section 6.02;

(q) payroll, travel and similar employee advances of the Borrower and its Subsidiaries to cover matters that are expected at the time of such advances ultimately to be treated as expenses of the Borrower and its Subsidiaries for accounting purposes and that are made in the ordinary course of business;

(r) non-cash consideration, to the extent permitted under this Agreement, received from any sale, lease or other Disposition permitted under Section 6.06;

(s) Contingent Obligations of (i) Borrower with respect to any Indebtedness of any Subsidiary Guarantor permitted under Section 6.01, (ii) any Company with respect to any Indebtedness of any Borrower or any Subsidiary Guarantor permitted under Section 6.01, (iii) a Subsidiary of Borrower that is not a Subsidiary Guarantor with respect to any Indebtedness of any other Subsidiary of Borrower that is not a Subsidiary Guarantor permitted under Section 6.01, and (iv) any Loan Party with respect to any Indebtedness of any Company that is not a Subsidiary Guarantor in an aggregate amount (together with all Investments then outstanding pursuant to Section 6.04(f)(v) and Section 6.02(t)) not to exceed \$1,100,000 at any time outstanding;

(t) so long as no Default or Event of Default has occurred and is continuing or would immediately result therefrom, repurchase First Lien Term Loans to the extent (and only to the extent) permitted by Section 2.10(l) with respect to the aggregate amount of any mandatory prepayment of the Term Loans that has been waived in accordance with Section 2.10(l);

(u) Investments consisting of Contingent Obligations of any Company with respect to obligations arising under Real Property leases of Restaurants for Restaurants that have been sold to a franchisee and, if such Restaurant sale is consummated after the Closing Date, such sale is permitted by the terms of this Agreement; and

(v) other Investments in an aggregate amount at any time outstanding not to exceed the Available Amount; *provided* that (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b).

Section 6.05 Mergers and Consolidations. Wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, except that the following shall be permitted:

(a) the Transactions as contemplated by, and in compliance with, the Transaction Documents;

(b) dispositions of assets in compliance with Section 6.06 (other than Section 6.06(e) and Section 6.06(f));

(c) Permitted Acquisitions, by the Borrower or any of its Subsidiaries;

(d) (i) any solvent Company (other than Parent or Borrower) may merge or consolidate with or into Borrower or any Subsidiary Guarantor (as long as Borrower or a Subsidiary Guarantor is the surviving person in such merger or consolidation and, in the case of any Subsidiary Guarantor, remains a domestic Wholly Owned Subsidiary of Borrower); *provided* that the Lien on and security interest in such property granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained or created in accordance with the provisions of Section 5.10 or Section 5.11, as applicable and (ii) any solvent Company (other than a Loan Party) may merge or consolidate with or into another Company (other than a Loan Party); and

(e) any Subsidiary may dissolve, liquidate or wind up its affairs at any time if such dissolution, liquidation or winding up is not disadvantageous to any Agent or Lender in any material respect.

To the extent the requisite Lenders under Section 11.02(b) waive the provisions of this Section 6.05 with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 6.05, such Collateral (unless sold to a Company or any Affiliate thereof), but not the proceeds thereof, shall be sold free and clear of the Liens created by the Security Documents, and, so long as Borrower shall have previously provided to the Collateral Agent and the Administrative Agent such certifications or documents as the Collateral Agent and/or the Administrative Agent shall reasonably request in order to demonstrate compliance with this Section 6.05, the Collateral Agent shall take all actions it deems appropriate in order to effect the foregoing.

Section 6.06 Asset Sales. Effect any disposition of any property, except that the following shall be permitted:

(a) dispositions of obsolete, worn-out, surplus or no longer useful property by Borrower or any of its Subsidiaries in the ordinary course of business and the abandonment or other disposition of Intellectual Property that is, in the reasonable good faith judgment of Borrower, no longer economically practicable to maintain or useful in the conduct of the business of the Companies taken as a whole;

(b) other dispositions of property (other than Synthetic Leases and Sale and Leaseback Transactions); *provided* that (i) the aggregate consideration received in respect of all dispositions of property pursuant to this clause (b) shall not exceed \$5,500,000 in any four consecutive fiscal quarters of the Borrower, (ii) such dispositions of property are made for Fair Market Value and on an arms-length commercial basis, and (iii) at least 75% of the consideration payable in respect of such disposition of property is in the form of cash or Cash Equivalents;

(c) leases (and sub-leases) and licenses (and sub-licenses) of real or personal property (other than Synthetic Leases, Sale and Leaseback Transactions and leases and licenses of Intellectual Property) in the ordinary course of business and in accordance with the applicable Security Documents;

(d) the Transactions as contemplated by, and in compliance with, the Transaction Documents;

(e) Investments in compliance with Section 6.04;

(f) mergers and consolidations in compliance with Section 6.05;

(g) Dividends in compliance with Section 6.08;

(h) sales of inventory in the ordinary course of business and dispositions of cash and Cash Equivalents in the ordinary course of business;

(i) any disposition of property that constitutes a Casualty Event;

(j) any disposition of property by any Subsidiary of Borrower to Borrower or any of its Wholly Owned Subsidiaries; *provided* that if the transferor of such property is a Guarantor, the transferee thereof must be Borrower or a Subsidiary Guarantor;

(k) licensing or sublicensing by the Company of the “El Pollo Loco” mark (and other Intellectual Property) on a non-exclusive basis in the ordinary course of its franchising business; *provided* that such disposition is made for Fair Market Value and on an arms-length commercial basis;

(l) sale of any Restaurant to a franchisee; *provided* that (i) such dispositions of property are made for Fair Market Value and on an arms-length commercial basis, provided that after the total consideration for all such sales exceeds \$22,000,000, such dispositions of property shall be for the greater of (x) Fair Market Value and (y) five (5) times the “EBITDA” of such Restaurant for the twelve consecutive fiscal months then last ended, (ii) at least 75% of the consideration payable in respect of such disposition of property is in the form of cash or Cash Equivalents and (iii) total consideration for all such sales may not exceed \$82,500,000;

(m) Sale and Leaseback Transactions in compliance with Section 6.03;

(n) dispositions of equipment or real property, for fair market value, to the extent that such property is exchanged for credit against the purchase price of similar replacement property;

(o) sales, transfers and other Dispositions of accounts receivable or other rights to payment in connection with the compromise, settlement or collection thereof in the ordinary course of business and not in connection with any financing transaction; and

(p) any trade-in of equipment or other property in exchange for other equipment or other replacement Property.

To the extent the requisite Lenders under Section 11.02(b) waive the provisions of this Section 6.06, with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 6.06, such Collateral (unless sold to a Company or any Affiliate thereof), but not the proceeds thereof, shall be sold free and clear of the Liens created by the Security Documents, and, so long as Borrower shall have previously provided to the Collateral Agent and the Administrative Agent such certifications or documents as the Collateral Agent and/or the Administrative Agent shall reasonably request in order to demonstrate compliance with this Section 6.06, the Collateral Agent shall take all actions it deems appropriate in order to effect the foregoing.

Section 6.07 **Acquisitions**. Purchase or otherwise acquire (in one or a series of related transactions) any part of the property of any person (or agree to do any of the foregoing at any time), except that the following shall be permitted:

(a) Investments in compliance with Section 6.04;

(b) Capital Expenditures by Borrower and the Subsidiaries pursuant to Section 6.10(c) shall be permitted (i) in an aggregate amount at any time outstanding not to exceed the Available Amount; *provided* that (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b) and (ii) to the extent permitted by Section 6.10(c);

(c) purchases and other acquisitions of inventory, materials, equipment, intangible property and other goods and services, in each case, in the ordinary course of business;

(d) leases, subleases, licenses or sublicenses of real or personal property in the ordinary course of business and in accordance with this Agreement and the applicable Security Documents;

(e) the Transaction as contemplated by, and in compliance with, the Transaction Documents;

(f) Permitted Acquisitions;

(g) mergers and consolidations in compliance with Section 6.05;

(h) Dividends in compliance with Section 6.08; and

(i) Sale and Leaseback Transactions in compliance with Section 6.03;

*provided* that the Lien on and security interest in such property granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained or created in accordance with the provisions of Section 5.10 or Section 5.11, as applicable.

Section 6.08 **Dividends**. Authorize, declare or pay, directly or indirectly, any Dividends with respect to any Company (including pursuant to any Synthetic Purchase Agreement) or incur any obligation to do so, except that the following shall be permitted:

(a) each Subsidiary (other than the Borrower) may pay Dividends to the Borrower, the Subsidiary Guarantors and any other Person that owns any Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Dividend payment is being made;

(b) payments to Parent to permit Parent, and the substantially concurrent use of such payments by Parent, to repurchase or redeem Qualified Capital Stock of Parent held by officers, directors or employees or former officers, directors or employees (or their transferees, estates or beneficiaries under their estates) of any Company, upon their death, disability, retirement, severance or termination of employment or service and payment of taxes with respect thereto; *provided* that the aggregate amount of all such payments to Parent shall not exceed, during any fiscal year of the Borrower, \$1,100,000 (with any unused amounts in any such fiscal year being carried over to the next succeeding fiscal year);

(c) the Permitted Parent Payments;

(d) each Company may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person to its existing equity holders and the Parent 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;

(e) so long as no Default or Event of Default exists or would result therefrom, the Borrower may make, directly or indirectly, non-cash repurchases of Equity Interests deemed to occur in connection with the exercise of stock options by directors, officers and management, including without limitation deemed redemptions arising as a result of the payment of withholding taxes; *provided* that such Equity Interests represent a portion of the consideration delivered in connection with the payment of the exercise price of such options;

(f) each Company may redeem, repurchase or otherwise acquire Equity Interests of any Subsidiary that is not a wholly-owned Subsidiary from any holder of Equity Interests in such Subsidiary, so long as, after giving effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom and *provided* that the aggregate amount of such redemptions, repurchases or other acquisitions shall not exceed \$550,000 in any 12 consecutive month period;

(g) so long as no Default or Event of Default has occurred, is continuing or would result therefrom, Dividends not exceeding \$2,750,000 in any fiscal year pursuant to and in accordance with stock option plans, employment agreements, incentive plans or other similar benefit plans approved by the Borrower's Board of Directors;

(h) so long as no Default or Event of Default has occurred, is continuing or would result therefrom, other Dividends in an aggregate amount not to exceed \$5,500,000;

(i) other Dividends in an aggregate amount at any time outstanding not to exceed the Available Amount; *provided* that (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b); and

(j) after the occurrence of an IPO, (i) any Dividend by a Borrower or any other direct or indirect parent of Borrower to pay listing fees and other costs and expenses attributable to being a publicly traded company, and (ii) Dividends of up to 6.00% per annum of the net proceeds received by (or contributed to) Borrower and its Subsidiaries from such IPO.

provided that the amount of Dividends that may be made for a particular purpose pursuant to Sections 6.08(b)-(c) shall be reduced Dollar-for-Dollar by the amount of any such payments made for such purpose in the form of an intercompany loan by Borrower or one of its Subsidiaries to Parent pursuant to Section 6.04(n).

Section 6.09 **Transactions with Affiliates**. Enter into, directly or indirectly, any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of any Company (other than between or among Borrower and one or more Subsidiary Guarantors), other than on terms and conditions at least as favorable to such Company as would reasonably be obtained by such Company at that time in a comparable arm's-length transaction with a person other than an Affiliate, except that the following shall be permitted:

(a) Dividends permitted by Section 6.08;

(b) Investments permitted by Sections 6.04(e) and (f);

(c) reasonable and customary director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements and customary expense reimbursements, in each case approved by the Board of Directors of the applicable Company;

(d) the Transactions as contemplated by, and in accordance with, the Transaction Documents;

(e) loans and advances to employees made in the ordinary course of business;

(f) (i) Investments by Holdings in Qualified Capital Stock of Parent and (ii) Investments by Parent in Qualified Capital Stock of Borrower; and

(g) the payment of Permitted Parent Payments.

Section 6.10 **Financial Covenants**.

(a) Maximum Total Leverage Ratio. Permit the Total Leverage Ratio, as of the last day of any Test Period set forth in the table below, to exceed the ratio set forth opposite such Test Period in the table below:

<u>Test Period End Date</u>	<u>Total Leverage Ratio</u>
December 25, 2013	8.50 to 1.00
March 26, 2014	8.50 to 1.00
June 25, 2014	8.50 to 1.00
September 24, 2014	8.50 to 1.00
December 31, 2014	8.50 to 1.00
March 25, 2015	8.50 to 1.00
June 24, 2015	8.25 to 1.00
September 30, 2015	8.00 to 1.00
December 30, 2015	7.75 to 1.00
March 30, 2016	7.75 to 1.00
June 29, 2016	7.25 to 1.00
September 28, 2016	7.25 to 1.00
December 28, 2016	7.00 to 1.00
March 29, 2017	7.00 to 1.00
June 28, 2017	6.75 to 1.00
September 27, 2017	6.50 to 1.00
December 27, 2017	6.50 to 1.00
March 28, 2018	6.30 to 1.00
June 27, 2018	6.05 to 1.00
September 26, 2018	6.00 to 1.00
December 26, 2018 or thereafter	5.90 to 1.00

(b) **Minimum Consolidated Interest Coverage Ratio.** Permit the Consolidated Interest Coverage Ratio, as of the last day of any Test Period set forth in the table below, to be less than the ratio set forth opposite such Test Period in the table below:

<b>Test Period End Date</b>	<b>Interest Coverage Ratio</b>
December 25, 2013	1.50 to 1.00
March 26, 2014	1.50 to 1.00
June 25, 2014	1.50 to 1.00
September 24, 2014	1.50 to 1.00
December 31, 2014	1.60 to 1.00
March 25, 2015	1.60 to 1.00
June 24, 2015	1.65 to 1.00
September 30, 2015	1.65 to 1.00
December 30, 2015	1.65 to 1.00
March 30, 2016 or thereafter	1.70 to 1.00

(c) **Limitation on Capital Expenditures.** Permit the aggregate amount of Capital Expenditures made in any Test Period set forth in the table below, to exceed the amount set forth opposite such Test Period in the table below (the “**Capital Expenditure Amount**”):

<b>Test Period End Date</b>	<b>Capital Expenditure Amount</b>
December 25, 2013	\$20,500,000
December 31, 2014	\$29,000,000
December 30, 2015	\$31,000,000
December 28, 2016	\$33,000,000
December 27, 2017	\$34,000,000
December 26, 2018	\$36,000,000
December 25, 2019 and thereafter	\$37,000,000, pro rated for the period through the Latest Maturity Date.

; provided that, at the Borrower’s option, (x) 100% of any unused portion of the Capital Expenditure Amount for any Test Period may be carried over to the subsequent Test Period and (y) any Capital Expenditure Amount for any Test Period may be increased by an amount not to exceed 50% of the Capital Expenditure Amount for the subsequent Test Period, with any such increased amount to reduce, on a dollar-for-dollar basis the Capital Expenditure Amount for such under such subsequent Test Period; provided further that Capital Expenditures made pursuant to Section 6.07(b)(i) may exceed (and shall not count against) the Capital Expenditure Amount.

Section 6.11 **Prepayments of Other Indebtedness; Modifications of Organizational Documents, Acquisition and Certain Other Documents, etc.** Directly or indirectly:

(a) make any voluntary or optional payment or prepayment on, or repurchase, redemption or acquisition for value of, or any prepayment or redemption (whether as a result of any asset sale, change of control or similar event or otherwise) of, the principal amount of any Indebtedness outstanding under (i) any Senior Unsecured Indebtedness, (ii) any Junior Indebtedness, or (iii) any Permitted Junior Refinancing Debt, except a payment, prepayment, repurchase, redemption or acquisition to the extent not prohibited by this Agreement, the Intercreditor Agreement or any other subordination terms applicable to any such Subordinated Indebtedness (including pursuant to a Refinancing) (x) utilizing the Available Amount;

*provided* that (x) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (y) immediately prior to and after giving effect thereto the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.25 to 1.00, such compliance to be determined on the basis of the financial statements most recently required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b) and (y) in connection with any Permitted Refinancing thereof utilizing Indebtedness permitted pursuant to Section 6.01(r);

(b) waive, amend, modify, terminate or release any of the documentation governing any Indebtedness outstanding under (x) any First Lien Loan Documents that would violate Section 5.03 of the Intercreditor Agreement or (y) (A) any Senior Unsecured Indebtedness, (B) any Junior Indebtedness, or (C) any Permitted Junior Refinancing Debt, in each case, to the extent that any such waiver, amendment, modification, termination or release (A) is, or could reasonably be expected to be adverse to the interests of any Agent or the Lenders under the Loan Documents in any material respect or (B) would violate Section 5.3 of the Intercreditor Agreement;

(c) terminate, amend, modify (including electing to treat any Pledged Interests (as defined in the Security Agreement) as a “security” under Section 8-103 of the UCC) or change any of its Organizational Documents (including by the filing or modification of any certificate of designation) or any agreement to which it is a party with respect to its Equity Interests (including any stockholders’ agreement), or enter into any new agreement with respect to its Equity Interests, other than any such amendments, modifications or changes or such new agreements which are not, and could not reasonably be expected to be, adverse in any material respect to the interests of any Agent or Lender.

Section 6.12 **Restrictions on Subsidiaries**. Directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance, restriction or condition on the ability of any Subsidiary to (i) pay Dividends or make any other distributions on its Equity Interests or any other interest or participation in its profits owned by any Loan Party, or pay any Indebtedness owed to any Loan Party, (ii) make loans or advances to any Loan Party or (iii) transfer any of its properties to any Loan Party, except for Permitted Liens and such encumbrances, restrictions or conditions existing under or by reason of:

(a) agreements as in effect on the Closing Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that such amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Closing Date (as determined in good faith by the Borrower);

(b) applicable mandatory Legal Requirements;

(c) (x) this Agreement and the other Loan Documents and (y) the First Lien Credit Agreement and the First Lien Loan Documents;

(d) any agreement of a person acquired by Borrower or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such agreement was entered in connection with or in contemplation of such acquisition), which encumbrance, restriction or condition is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Agreement to be incurred;

(e) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of a Subsidiary;

(f) customary provisions restricting assignment of any agreement entered into by a Subsidiary in the ordinary course of business;



(g) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose customary restrictions on the property purchased or leased of the nature and which encumbrance, restriction or condition is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired or subject to such Capital Lease Obligation;

(h) any encumbrances or restrictions imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clauses (c)(y), (d) and (m) above; *provided* that such amendments or refinancings are not more materially restrictive with respect to such encumbrances and restrictions than those in effect immediately prior to such amendment or refinancing (as determined in good faith by Borrower);

(i) subject to the applicable provisions of applicable law (including, without limitation, the UCC), customary restrictions on the transfer of intellectual property right held by any Company or any of Subsidiary through license agreement with a non-Affiliate owner of intellectual property;

(j) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary or any assets pending such sale, *provided* that such restrictions and conditions apply only to the Subsidiary or assets that is or are to be sold and such sale is permitted hereunder;

(k) subject to the applicable provisions of applicable law (including, without limitation, the UCC and applicable state corporate law), customary provisions in partnership agreements and limited liability company organizational governance documents of Persons in which the Loan Parties hold less than a majority interest, that are in the nature of Permitted Investments that restrict the transfer of ownership interests in such partnership, limited liability company or similar person; and

(l) the foregoing shall not apply to restrictions and conditions in any Indebtedness permitted pursuant to Section 6.01 to the extent such restrictions or conditions, taken as a whole, are not materially more restrictive than the restrictions and conditions in the Loan Documents, taken as a whole.

Section 6.13 **Limitation on Issuance of Capital Stock.** (a) With respect to Parent, issue any Equity Interest that is Disqualified Capital Stock.

(b) With respect to Borrower or any Subsidiary, issue any Equity Interest (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, any Equity Interest, except (i) for stock splits, stock dividends and additional issuances of Equity Interests which do not decrease the percentage ownership of Borrower or any Subsidiaries in any class of the Equity Interests of such Subsidiary, (ii) Subsidiaries of Borrower formed or acquired after the Closing Date in accordance with Section 6.14 may issue Equity Interests to Borrower or the Wholly Owned Subsidiary of Borrower which is to own such Equity Interests, and (iii) Borrower may issue common stock to Parent. All Equity Interests issued in accordance with this Section 6.13(b) shall, to the extent required by Sections 5.10 and 5.11 or any Security Document, be delivered to the Collateral Agent for pledge pursuant to the applicable Security Document.

Section 6.14 **Limitation on Creation of Subsidiaries.** Establish, create or acquire any additional Subsidiaries without the prior written consent of the Required Lenders; *provided* that, without such consent, Borrower may (i) establish or create one or more Wholly Owned Subsidiaries, (ii) establish, create or acquire one or more Domestic Subsidiaries in connection with an Investment made pursuant to Section 6.04(f) and which (other than with respect to Section 6.04(f)(iii) and (v)) shall be Wholly Owned Subsidiaries or (iii) acquire one or more Domestic Subsidiaries in connection with a Permitted Acquisition or another Investment permitted hereunder, so long as, in each case, Sections 5.10 and 5.11 shall be complied with.

Section 6.15 **Business.** (a) With respect to Parent, engage in any business activities or have any properties or liabilities, other than as permitted under Section 6.21.

(b) With respect to Borrower and its Subsidiaries, engage (directly or indirectly) in any businesses other than those businesses in which Borrower and its Subsidiaries are engaged on the Closing Date (or which are substantially related thereto or are reasonable extensions thereof).

Section 6.16 **Limitation on Accounting Changes.** Make or permit, any material change in accounting policies or reporting practices, without the consent of the Required Lenders, which consent shall not be unreasonably withheld, except changes that are required by GAAP (subject in each case to the provisions of Section 1.04).

Section 6.17 **Fiscal Periods.** Change its fiscal year-end (a 52- or 53-week fiscal year) and fiscal quarter-ends to dates other than the last Wednesday of the applicable fiscal year or quarter end.

Section 6.18 **No Further Negative Pledge.** Enter into any agreement, instrument, deed or lease which prohibits or limits the ability of any Company to create, incur, assume or suffer to exist any Lien upon any of its properties or revenues, whether now owned or hereafter acquired, to secure the Obligations, except the following: (a) this Agreement, the other Loan Documents and the First Lien Loan Documents; (b) covenants in documents (i) creating Liens permitted by Section 6.02 prohibiting further Liens (other than Liens permitted under Sections 6.02(j) and (o)) or (ii) related to secured Indebtedness permitted by Section 6.01 (but to the extent including covenants prohibiting further Liens such prohibitions shall not prohibit Liens permitted under Sections 6.02(j) and (o)), in each case, on the assets or property securing such Indebtedness; (c) any prohibition or limitation that (i) exists pursuant to applicable Legal Requirements, or (ii) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property pending the consummation of such sale; *provided* that such restrictions apply only to the property to be sold and such sale is permitted hereunder, and such sale is permitted hereunder, or (iii) restricts subletting or assignment of any lease governing a leasehold interest of Borrower or one of its Subsidiaries; (d) exists in any agreement in effect at the time such Subsidiary becomes a Subsidiary of Borrower, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary; (e) customary non-assignment provisions in customer contracts and licenses of (or any other grants of rights to use) Intellectual Property, in each case entered into in the ordinary course of business; (f) licenses or sublicenses of Intellectual Property by Borrower or their Subsidiaries in the ordinary course of business (in which case, any prohibition or limitation shall only be effective against the Intellectual Property subject thereto); (g) customary provisions in joint venture agreements with respect to permitted joint ventures; and (h) is imposed by any amendments that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in this Section 6.18; provided that such amendments are not materially more restrictive with respect to the prohibitions and limitations in such contracts, instruments or obligations as in effect prior to any such amendment (as determined in good faith by the Borrower).

Section 6.19 **Anti-Terrorism Law; Anti-Money Laundering.** (a) Directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in Section 3.21, (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law (and the Loan Parties shall deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming the Companies' compliance with this Section 6.15).

(b) Cause or permit any of the funds of such Loan Party that are used to repay the Credit Extensions to be derived from any unlawful activity with the result that the making of the Credit Extensions would be in violation of Legal Requirements.

Section 6.20 **Embargoed Person.** Cause or permit (a) any of the funds or properties of the Loan Parties that are used to repay the Loans or other Credit Extensions to constitute property of, or be

beneficially owned directly or indirectly by, any person subject to sanctions or trade restrictions under United States law (“**Embargoed Person**” or “**Embargoed Persons**”) that is identified on (1) the “List of Specially Designated Nationals and Blocked Persons” maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including the International Emergency Economic Powers Act, as amended, 50 U.S.C. §§ 1701 *et seq.*, The Trading with the Enemy Act, as amended, 50 U.S.C. App. 1 *et seq.*, and any Executive Order or regulation promulgated thereunder, with the result that the investment in the Loan Parties (whether directly or indirectly) is prohibited by applicable Legal Requirements, or the Loans or other Credit Extensions made by the Lenders would be in violation of Legal Requirements, or (2) the Executive Order, any related enabling legislation or any other similar executive orders, or (b) any Embargoed Person to have any direct or indirect interest, of any nature whatsoever in the Loan Parties, with the result that the investment in the Loan Parties (whether directly or indirectly) is prohibited by applicable Legal Requirements or the Credit Extensions are in violation of applicable Legal Requirements.

Section 6.21 **Permitted Activities of Parent**. Parent shall not: (a) incur, directly or indirectly, any Indebtedness or any other obligation or liability whatsoever other than the Indebtedness and obligations under this Agreement, the other Loan Documents and the First Lien Loan Documents; (b) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired, leased or licensed by it other than the Liens created under the Security Documents or the First Lien Loan Documents to which it is a party, and non-consensual Liens imposed by operation of law and not for borrowed money; (c) engage in any business or activity or own any assets other than, in each case with respect to clauses (a), (b) and (c) above, (i) holding 100% of the Equity Interests of Borrower, (ii) performing its obligations and activities incidental thereto under the Loan Documents, and to the extent not inconsistent herewith and the Intercreditor Agreement, the First Lien Loan Documents, (iii) the maintenance of its corporate existence in compliance with applicable law, (iv) legal, tax and accounting matters in connection with any of the foregoing or following activities, (v) the entering into, and performing its obligations under the Management Agreement, (vi) the issuance, sale or repurchase of its Capital Stock not prohibited by the Loan Documents, (vii) dividends or distributions on its Equity Interests, (viii) the performance of obligations under and compliance with its certificate of incorporation and by-laws, or any applicable law, ordinance, regulation, rule, order, judgment, decree or permit, including as a result of or in connection with the activities of its Subsidiaries, (ix) the incurrence and payment of any taxes for which it may be liable; (d) consolidate with or merge with or into, or convey, transfer, lease or license all or substantially all its assets to, any Person; (e) sell or otherwise dispose of any Equity Interests of any of its Subsidiaries; (f) create or acquire any Subsidiary or make or own any Investment in any Person other than Borrower; or (g) fail to hold itself out to the public as a legal entity separate and distinct from all other Persons.

## ARTICLE VII.

### GUARANTEE

Section 7.01 **The Guarantee**. The Guarantors hereby, jointly and severally, guarantee, as primary obligors and not as sureties, to each Secured Party and their respective successors and assigns, the prompt payment and performance in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest (including any interest, fees, costs or charges that would accrue but for the provisions of the Title 11 of the United States Code after any bankruptcy or insolvency petition under Title 11 of the United States Code) on the Loans made by the Lenders to, and the Notes held by each Lender of, Borrower, and all other Obligations from time to time owing to the Secured Parties by any Loan Party in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the “**Guaranteed Obligations**”). The Guarantors hereby jointly and severally agree that if Borrower or other Guarantor(s) shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding anything set forth herein or in any other Loan Document to the contrary, and for the avoidance of doubt, Guaranteed Obligations of any Guarantor shall not include any Excluded Swap Obligations of such Guarantor.

Section 7.02 **Obligations Unconditional**. The obligations of the Guarantors under Section 7.01 shall constitute a guaranty of payment and performance and not of collection and to the fullest extent permitted by applicable Legal Requirements, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations under this Agreement, the Notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full of the Guaranteed Obligations). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

(a) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted;

(c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(d) any Lien or security interest granted to, or in favor of, any Secured Party as security for any of the Guaranteed Obligations shall fail to be valid, perfected or to have the priority required under the Loan Documents; or

(e) the release of any other Guarantor pursuant to Section 7.09.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that any Secured Party exhaust any right, power or remedy or proceed against Borrower or any Guarantor under this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Guarantors waive any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Secured Party upon this Guarantee or acceptance of this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between Borrower and the Secured Parties shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment and performance without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by the Secured Parties, and the obligations and liabilities of the Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Secured Parties or any other person at any time of any right or remedy against Borrower or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and their respective successors and assigns, and shall inure to the benefit of the Secured Parties, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

Section 7.03 **Reinstatement**. The obligations of the Guarantors under this Article VII shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Borrower or other Loan Party in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Section 7.04 **Subrogation; Subordination**. Each Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall not assert any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 7.01, whether by subrogation or otherwise, against Borrower or any other Guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations. Any Indebtedness of any Loan Party permitted pursuant Section 6.04(f) shall be subordinated to such Loan Party's Secured Obligations in the manner set forth in the Intercompany Note evidencing such Indebtedness.

Section 7.05 **Remedies**. The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of Borrower under this Agreement and other Loan Documents may be declared to be forthwith due and payable as provided in Article VIII (and shall be deemed to have become automatically due and payable in the circumstances provided in Article VIII) for purposes of Section 7.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by Borrower) shall forthwith become due and payable by the Guarantors for purposes of Section 7.01.

Section 7.06 **Instrument for the Payment of Money**. Each Guarantor hereby acknowledges that the guarantee in this Article VII constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

Section 7.07 **Continuing Guarantee**. The guarantee in this Article VII is a continuing guarantee of payment and performance, and shall apply to all Guaranteed Obligations whenever arising.

Section 7.08 **General Limitation on Guarantee Obligations**. In any action or proceeding involving any state corporate limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other Legal Requirement affecting the rights of creditors generally, if the obligations of any Guarantor under Section 7.01 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 7.01, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Loan Party or any other person, be automatically limited and reduced to the highest amount (after giving effect to the rights of subrogation and contribution established in Sections 7.04 and 7.10, respectively) that is valid and enforceable, not void or voidable and not subordinated to the claims of other creditors as determined in such action or proceeding.

Section 7.09 **Release of Guarantors**. If, in compliance with the terms and provisions of the Loan Documents, (i) all of the Equity Interests or (ii) all or substantially all of the property of any Guarantor are sold or otherwise transferred (a "**Transferred Guarantor**") to a person or persons (other than any Company or any Affiliate thereof), such Transferred Guarantor shall, upon the consummation of such sale

or transfer, be automatically released from its obligations under this Agreement (including under Section 11.03) and its obligations to pledge and grant any Collateral owned by it pursuant to any Security Document and, in the case of the sale of all of the Equity Interests of the Transferred Guarantor, the pledge of such Equity Interests to the Collateral Agent pursuant to the Security Documents shall be released, and, so long as Borrower shall have previously provided the Collateral Agent and the Administrative Agent such certifications or documents the Collateral Agent and/or the Administrative Agent as shall reasonably request, the Lenders hereby irrevocably authorize the Administrative Agent and the Collateral Agent to take such actions as are necessary to effect each release described in this Section 7.09 and that the Collateral Agent and Administrative Agent may rely conclusively without further inquiry on any certificate or document provided to it by any Loan Party in connection with the foregoing; provided, however, that the Administrative Agent and the Collateral Agent shall not be required to execute any document necessary to evidence such release on terms that, in the Administrative Agent's and the Collateral Agent's reasonable opinion, would expose any Agent to liability or create any obligation or entail any consequence other than the release of such Guarantor without recourse, representation, or warranty.

Section 7.10 **Right of Contribution**. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 7.04. The provisions of this Section 7.10 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the Lenders, and each Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Guarantor hereunder.

## ARTICLE VIII.

### EVENTS OF DEFAULT

Section 8.01 **Events of Default**. Upon the occurrence and during the continuance of any of the following events (each, an "Event of Default"):

(a) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof (including the Maturity Date) or at a date fixed for prepayment (whether voluntary or mandatory) thereof or by acceleration thereof or otherwise;

(b) default shall be made in the payment of any interest on any Credit Extension or any Fee or any other amount (other than an amount referred to in paragraph (a) above) due under any Loan Document, when and as the same shall become due and payable, whether at the due date thereof (including an Interest Payment Date) or at a date fixed for prepayment (whether voluntary or mandatory) or by acceleration or demand thereof or otherwise, and such default shall continue unremedied for a period of three Business Days after the occurrence thereof;

(c) any representation or warranty made or deemed made in or in connection with any Loan Document or the borrowings of Loans hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(d) default shall be made in the due observance or performance by any Company of any covenant, condition or agreement contained in (i) Sections 5.01 or 5.02 (and such default shall continue unremedied or shall not be waived for a period of 5 days) and (ii) 5.03(a), 5.08, 5.10 or 5.13 or in Article VI;

(e) default shall be made in the due observance or performance by any Company of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (a), (b) or (d) immediately above) and such default shall continue unremedied or shall not be waived for a period of 30 days after the occurrence thereof;

(f) any Company shall (i) fail to pay any principal or interest due in respect of any Indebtedness (other than the Obligations), when and as the same shall become due and payable beyond any applicable grace period, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee or other representative on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity or become subject to a mandatory offer to purchase by the obligor; *provided* that, other than in the case of the First Lien Loans, it shall not constitute an Event of Default pursuant to this clause (f) unless the aggregate amount of all such Indebtedness referred to in clauses (i) and (ii) exceeds \$5,500,000 at any one time (*provided* that, in the case of any Hedging Obligations, the amount counted for this purpose shall be the applicable Hedging Termination Value); *provided further* that, for purposes of this clause (f), in the case of Indebtedness under the First Lien Loan Documents, such failure or Default shall constitute an Event of Default only if (x) the Indebtedness outstanding under the First Lien Loan Documents has been accelerated or (y) such failure (i) continues for no less than sixty (60) days (beyond any applicable grace period) or (ii) constitutes an Event of Default under Section 8.01(g) or (h) of the First Lien Credit Agreement;

(g) an Insolvency Proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any Company or of a substantial part of the property of any Company, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar Legal Requirement, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, rehabilitator or similar official for any Company or for a substantial part of the property of any Company, or (iii) the winding-up or liquidation of any Company; and such proceeding or petition shall continue undismissed for 60 days or an Order approving or ordering any of the foregoing shall be entered;

(h) any Company shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar Legal Requirement, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any Insolvency Proceeding or the filing of any petition described in clause (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, rehabilitator or similar official for any Company or for a substantial part of the property of any Company, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due, (vii) wind up or liquidate, or (viii) take any action for the purpose of effecting any of the foregoing;

(i) one or more Orders for the payment of money in an aggregate amount in excess of \$5,500,000 (that are not covered by insurance from an unaffiliated insurance company with an A.M. Best financial strength rating of at least A- (as reasonably determined by the Administrative Agent)) shall be rendered against any Company or any combination thereof and the same shall remain unpaid, undischarged, unvacated or unbonded for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon properties of any Company to enforce any such Order;

(j) (i) one or more ERISA Events shall have occurred that, when taken together with all other such ERISA Events that have occurred, could reasonably be expected to result in liability of any Company or any of its ERISA Affiliates in an aggregate amount exceeding \$5,500,000; (ii) the ERISA Event described in (ii) of the definition thereof shall have occurred; or (iii) the imposition of a Lien or other security interest on any properties of a Company under Section 430(k) of the Code or under Section 303(k) of ERISA or a violation of Section 436 of the Code;

(k) any security interest and Lien purported to be created by any Security Document shall cease to be in full force and effect, or shall cease to give the Collateral Agent, for the benefit of the Secured Parties, the Liens, rights, powers and privileges purported to be created and granted under such Security Documents (including a valid, enforceable, perfected first priority security interest in, and Lien on, all of the Collateral thereunder (except as otherwise expressly provided in this Agreement, such Security Document and subject to any prior Lien under the First Lien Loan Documents and the provisions of the Intercreditor Agreement)) in favor of the Collateral Agent, or shall be asserted by or on behalf of any Company not to be a valid, enforceable, perfected, first priority (except as otherwise expressly provided in this Agreement, such Security Document or the Intercreditor Agreement) security interest in or Lien on the Collateral covered thereby; *provided* that it shall not be an Event of Default under this paragraph (k) if the Collateral Agent shall not have, or shall cease to have, a valid, enforceable and perfected first priority security interest (subject to any prior Lien under the First Lien Loan Documents and the provisions of the Intercreditor Agreement) in or Lien on any Collateral purported to be covered by the Security Documents that (i) has a Fair Market Value, individually or in the aggregate, of less than \$5,500,000 and (ii) is not material to the operations or the businesses of the Companies, taken as a whole, in each case as determined by the Collateral Agent in its reasonable discretion;

(l) any Loan Document, including, for the avoidance of doubt, the Intercreditor Agreement, or any material provisions thereof shall at any time and for any reason be declared by a court of competent jurisdiction to be null and void, or a proceeding shall be commenced by or on behalf of any Loan Party or any other person, or by any Governmental Authority, seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof), or any Company (directly or indirectly) shall repudiate, revoke, terminate or rescind (or purport to do any of the foregoing) or deny any portion of its liability or obligation for the Obligations; or

(m) there shall have occurred a Change in Control;

then, and in every such event (other than an event with respect to Parent or Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments; (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document or otherwise to the contrary notwithstanding and (iii) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; and, in any event, with respect to Parent or Borrower described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document or otherwise to the contrary notwithstanding.

Section 8.02 **Right to Cure.** (a) **Financial Covenants.** Notwithstanding anything to the contrary contained in Section 8.01, in the event that Borrower fails to comply with the requirements of the financial covenants set forth in Section 6.10(a) and (b) as of the last day of any fiscal quarter, until the expiration of the 10th Business Day subsequent to the Cure Specified Date for such fiscal quarter, Borrower shall have the right to give written notice (the “**Cure Notice**”), on or prior to the 10th Business Day subsequent to such Cure Specified Date, to the Administrative Agent of the intent of Holdings or Parent to issue Permitted



Cure Securities for cash, consummate any Equity Issuance or otherwise receive cash common equity contributions to the capital of Holdings or Parent (collectively, the “**Cure Right**”), and, upon contribution by Holdings of such cash to Parent, as applicable, and by Parent to Borrower as cash common equity (the “**Cure Amount**”) (*provided* that such Cure Amount is Not Otherwise Applied (including, without limitation, utilized as an increase to the Available Amount)) pursuant to the exercise by Borrower of such Cure Right, which exercise and contribution shall be made on or before the 20<sup>th</sup> Business Day subsequent to such Cure Specified Date, the covenants set forth in Section 6.10(a) and (b) shall be recalculated giving effect to the following adjustments on a Pro Forma Basis:

(i) Consolidated EBITDA shall be increased with respect to such applicable fiscal quarter and any Test Period that contains such fiscal quarter, solely for the purpose of measuring the financial covenants set forth in Section 6.10(a) and (b) and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; and

(ii) if, after giving effect to the foregoing recalculations, Borrower shall then be in compliance with the requirements of the financial covenants set forth in Section 6.10(a) and (b), Borrower shall be deemed to have satisfied the requirements of such financial covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of such financial covenants that had occurred shall be deemed cured for purposes of this Agreement.

(b) **No Default.** Notwithstanding anything herein to the contrary, (i) a Default or Event of Default resulting solely from a failure to be in compliance with the financial covenants set forth in Section 6.10 shall not be deemed to exist from the end of the applicable fiscal quarter until the 5<sup>th</sup> Business Day after the applicable Cure Specified Date with respect to such fiscal quarter with respect to such fiscal period, (ii) to the extent a Cure Notice is delivered by Borrower within 5 Business Days after such Cure Specified Date, a Default or Event of Default resulting solely from a failure to be in compliance with the financial covenants set forth in Section 6.10 shall not be deemed to exist from the end of the applicable fiscal quarter until the 10<sup>th</sup> Business Day after the applicable Cure Specified Date with respect to the applicable fiscal quarter and (iii) if the Cure Amount is not made within 10 Business Days after the applicable Specified Date with respect to the applicable fiscal quarter, each such Default or Event of Default referenced in clauses (i) and (ii) above shall be deemed reinstated as of the end of the applicable fiscal quarter, it being further agreed that the Obligations shall bear interest at the Default Rate as applied in accordance with Section 2.06(c) as of the end of such applicable fiscal quarter.

(c) **Limitation on Exercise of Cure Right.** Notwithstanding anything herein to the contrary, (i) in each four fiscal quarter period, there shall be at least two fiscal quarters during which the Cure Right is not exercised, (ii) the Cure Right may only be exercised five times during the term of this Agreement, (iii) the Cure Amount shall be no greater than the minimum amount required to cause Borrower to be in compliance with the financial covenants set forth in Section 6.10(a) and (b) (or, if greater, the minimum amount required to cause the Borrower to be in compliance with the financial covenants set forth in Section 6.10(a) and (b) of the First Lien Credit Agreement) as at the end of the applicable fiscal quarter, (iv) all Cure Amounts shall be disregarded for purposes of determining any pricing, financial ratio based conditions or any baskets with respect to the covenants contained in this Agreement, and (v) there shall be no pro forma reduction in Indebtedness with the proceeds of any Cure Amount for determining compliance with Section 6.10(a) and (b) in the quarter in which such Cure Right is exercised.

## ARTICLE IX.

### COLLATERAL ACCOUNT; APPLICATION OF COLLATERAL PROCEEDS

Section 9.01 **Collateral Account.** (a) The Collateral Agent is hereby authorized to establish and maintain at its office (or, at the Collateral Agent’s discretion, at the office of its designee from time to time) at 520 Madison Ave. New York, New York 10022, in the name of the Collateral Agent and

pursuant to one or more Control Agreements, one or more restricted deposit accounts designated “El Pollo Loco, Inc. Collateral Account” (or such other substantially similar designation as shall be determined by the Collateral Agent in its discretion from time to time). Each Loan Party shall deposit into the Collateral Account from time to time any cash that such Loan Party is required to pledge as additional collateral security hereunder pursuant to the Loan Documents.

(b) The balance from time to time in the Collateral Account shall constitute part of the Collateral and shall not constitute payment of the Secured Obligations until applied as hereinafter provided. So long as no Event of Default has occurred and is continuing or will result therefrom, the Collateral Agent shall within ten Business Days of receiving a request from the applicable Loan Party for release of cash proceeds with respect to the Collateral Account, remit such Net Cash Proceeds on deposit in the Collateral Account to or upon the order of such Loan Party. At any time following the occurrence and during the continuance of an Event of Default, the Collateral Agent may (and, if instructed by the Required Lenders as specified herein, shall) in its (or their) discretion apply or cause to be applied (subject to collection) the balance from time to time outstanding in such restricted deposit account to the credit of the Collateral Account to the payment of the Secured Obligations in the manner specified in Section 9.02. The Loan Parties shall have no right to withdraw, transfer or otherwise receive any funds deposited in the Collateral Account except to the extent specifically provided herein.

(c) Amounts on deposit in the Collateral Account shall be invested and reinvested from time to time in Cash Equivalents as the applicable Loan Party (or, after the occurrence and during the continuance of an Event of Default, the Collateral Agent) shall determine, by written instruction to the Collateral Agent, or if no such instructions are given, then as the Collateral Agent, in its sole discretion, shall determine, which Cash Equivalents shall be held in the name and be under the control of the Collateral Agent (or any sub-agent); *provided* that at any time after the occurrence and during the continuance of an Event of Default, the Collateral Agent may (and, if instructed by the Required Lenders as specified herein, shall) in its (or their) discretion at any time and from time to time elect to liquidate any such Cash Equivalents and to apply or cause to be applied the proceeds thereof to the payment of the Secured Obligations in the manner specified in Section 9.02.

**Section 9.02 Application of Proceeds.** The proceeds received by the Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies or otherwise received after the occurrence and during the continuance of an Event of Default shall be applied, in full or in part, together with any other sums then held by the Collateral Agent pursuant to this Agreement or any other Loan Document, promptly by the Collateral Agent as follows (subject to the terms of the Intercreditor Agreement):

(a) *First*, to the indefeasible payment in full in cash of all costs and expenses, fees, commissions and taxes of such sale, collection or other realization (including compensation to the Collateral Agent, in its capacity as such, and its agents and counsel, and all expenses, liabilities and advances made or incurred by the Collateral Agent in connection therewith and all amounts for which the Collateral Agent is entitled to indemnification pursuant to the provisions of any Loan Document), together with interest on each such amount at the highest rate then in effect under this Agreement from and after the date such amount is due, owing or unpaid until paid in full;

(b) *Second*, to the indefeasible payment in full in cash of all other reasonable costs and expenses of such sale, collection or other realization (including compensation to the other Secured Parties and their agents and counsel and all costs, liabilities and advances made or incurred by the other Secured Parties in connection therewith), together with interest on each such amount at the highest rate then in effect under this Agreement from and after the date such amount is due, owing or unpaid until paid in full;

(c) *Third*, without duplication of amounts applied pursuant to clauses (a) and (b) above, to the indefeasible payment in full in cash, *pro rata*, of interest and other amounts constituting Obligations in respect of the Term Loans then due and owing (it being agreed that, for purposes of applying this clause (e), all interest and all other amounts described herein will be deemed payable in accordance with this Agreement regardless of whether such claims are allowed in any proceeding described in Section 8.01(g) or (h));

(d) *Fourth*, to the indefeasible payment in full in cash, pro rata, of the principal amount of the Obligations in respect of the Term Loans, *pro rata*;

(e) *Fifth*, to the indefeasible payment in full in cash of Secured Obligations of the type specified in clause (b) of the definition of Obligations then due and owing, *pro rata*;

(f) *Sixth*, to the indefeasible payment in full in cash of the remaining Secured Obligations then due and owing, *pro rata*; and

(g) *Seventh*, the balance, if any, to the person lawfully entitled thereto (including the applicable Loan Party or its successors or assigns) or as a court of competent jurisdiction may direct.

In the event that any such proceeds are insufficient to pay in full the items described in clauses (a) through (i) of this Section 9.02, the Loan Parties shall remain liable, jointly and severally, for any deficiency. For the avoidance of doubt, notwithstanding any other provision of any Loan Document, no payment received directly or indirectly from any Loan Party that is not a Qualified ECP Guarantor shall be applied directly or indirectly by the Administrative Agent or otherwise to the payment of any Excluded Swap Obligations.

## ARTICLE X.

### THE ADMINISTRATIVE AGENT AND THE COLLATERAL AGENT

Section 10.01 **Appointment.** (a) Each Lender hereby irrevocably designates and appoints each of the Administrative Agent (which, on the Closing Date, is Jefferies Finance LLC) and the Collateral Agent (which, on the Closing Date, is Jefferies Finance LLC) as an agent of such Lender under this Agreement and the other Loan Documents and the Administrative Agent and the Collateral Agent hereby accept such appointments (and, in each case, on the Closing Date, Jefferies Finance LLC hereby accepts such appointments). Each Lender irrevocably authorizes each Agent, in such capacity, through its agents or employees, to take such actions on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are delegated to such Agent by the terms of this Agreement and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article X are solely for the benefit of the Agents and the Lenders and no Loan Party shall have rights as a third party beneficiary of any such provisions.

(b) Each Lender irrevocably appoints each other Lender as its agent and bailee for the purpose of perfecting Liens (whether pursuant to Section 8-301(a)(2) of the UCC or otherwise), for the benefit of the Secured Parties, in assets in which, in accordance with the UCC or any other applicable Legal Requirement a security interest can be perfected by possession or control. Should any Lender (other than the Collateral Agent) obtain possession or control of any such Collateral, such Lender shall notify the Collateral Agent thereof, and, promptly following the Collateral Agent's request therefor, shall deliver such Collateral to the Collateral Agent or otherwise deal with such Collateral in accordance with the Collateral Agent's instructions.

Section 10.02 **Agent in Its Individual Capacity.** Each person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such person and its Affiliates may accept deposits from, lend money to, act as financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Company or Affiliate thereof as if it were not an Agent hereunder and without duty to account therefor to the Lenders.

**Section 10.03 Exculpatory Provisions.** No Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.02); *provided* that no Agent shall be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Legal Requirements, and (c) except as expressly set forth in the Loan Documents, no Agent shall have any duty to disclose or shall be liable for the failure to disclose, any information relating to any Company or any of its Affiliates that is communicated to or obtained by the person serving as such Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as any Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 11.02). No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Borrower or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document. Without limiting the generality of the foregoing, the use of the term “agent” in this Agreement with reference to the Administrative Agent or the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties. Each party to this Agreement acknowledges and agrees that the Administrative Agent may from time to time use one or more outside service providers for the tracking of all UCC financing statements (and/or other collateral related filings and registrations from time to time) required to be filed or recorded pursuant to the Loan Documents and the notification to the Administrative Agent, of, among other things, the upcoming lapse or expiration thereof, and that each of such service providers will be deemed to be acting at the request and on behalf of Borrower and the other Loan Parties. No Agent shall be liable for any action taken or not taken by any such service provider so long as the selection of such service provider was made without gross negligence or willful misconduct.

**Section 10.04 Reliance by Agent.** Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent, or otherwise authenticated by a proper person. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, each Agent may presume that such condition is satisfactory to such Lender unless each Agent shall have received written notice to the contrary from such Lender prior to the making of such Loan. Each Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other advisors selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or advisors.

**Section 10.05 Delegation of Duties.** Each Agent may perform any and all of its duties and exercise its rights and powers by or through, or delegate any and all such rights and powers to, any one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Affiliates of each Agent and any such sub-agent, and shall apply, without limiting the foregoing, to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

Section 10.06 **Successor Agent**. Each Agent may resign as such at any time upon at least 10 days' prior notice to the Lenders and Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with Borrower, to appoint a successor Agent from among the Lenders. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 10 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which successor shall be (i) a commercial banking institution organized under the laws of the United States (or any State thereof) or a United States branch or agency of a commercial banking institution, in each case, having combined capital and surplus of at least \$500,000,000 or (ii) another entity satisfactory to the Required Lenders; *provided* that if such retiring Agent is unable to find a commercial banking institution that is willing to accept such appointment and which meets the qualifications set forth above, the retiring Agent's resignation shall nevertheless thereupon become effective and the retiring (or retired) Agent shall be discharged from its duties and obligations under the Loan Documents, and the Lenders shall assume and perform all of the duties of the Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent.

Upon the acceptance of its appointment as an Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring (or retired) Agent shall be discharged from its duties and obligations under the Loan Documents. The fees payable by Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After an Agent's resignation hereunder, the provisions of this Article X, Section 11.03 and Sections 11.08 to 11.10 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

Section 10.07 **Non-Reliance on Agent and Other Lenders**. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender or any of their respective Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender further represents and warrants that it has reviewed the Preliminary Information Memorandum and each other document made available to it on the Platform in connection with this Agreement and has acknowledged and accepted the terms and conditions applicable to the recipients thereof (including any such terms and conditions set forth, or otherwise maintained, on the Platform with respect thereto). Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender or any of their respective Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

Section 10.08 **[Reserved]**.

Section 10.09 **Indemnification**. The Lenders severally agree to indemnify each Agent in its capacity as such and each of its Related Persons (to the extent not reimbursed by Borrower or the Guarantors and without limiting the obligation of Borrower or the Guarantors to do so), ratably according to their respective outstanding Loans and Commitments in effect on the date on which indemnification is sought under this Section 10.09 (or, if indemnification is sought after the date upon which all Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such outstanding Loans and Commitments as in effect immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, fines, penalties, actions, claims, suits, litigations, investigations, inquiries or proceedings, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent or Related Person in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any

documents contemplated by or referred to herein or therein, the Transactions or any of the other transactions contemplated hereby or thereby or any action taken or omitted by such Agent or Related Person under or in connection with any of the foregoing (**IN ALL CASES, WHETHER OR NOT CAUSED OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF ANY AGENT OR RELATED PERSON**); *provided* that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, claims, suits, litigations, investigations, inquiries or proceedings, costs, expenses or disbursements that are found by a final and nonappealable judgment of a court of competent jurisdiction to have directly resulted solely and directly from such Agent's or Related Person's, as the case may be, gross negligence or willful misconduct. The agreements in this Section 10.09 shall survive the payment of the Loans and all other amounts payable hereunder.

Section 10.10 **Administrative Agent May File Proof of Claims.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Secured Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under the Loan Documents) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Administrative Agent the Loan Documents.

Section 10.11 **Intercreditor Agreement.** Notwithstanding anything herein to the contrary, each Lender also acknowledges that the Lien and security interest granted to the Collateral Agent pursuant to the Security Documents and the existence of any right or remedy by the Collateral Agent thereunder are subject to the provisions of the Intercreditor Agreement. In the event of a conflict between the terms of the Intercreditor Agreement and any Security Document, the terms of the Intercreditor Agreement shall govern and control. Each Lender hereby authorizes the Collateral Agent to enter into the Intercreditor Agreement on behalf of such Lender.

Section 10.12 **Lender Action.** Each Lender agrees that it shall not take or institute any actions or proceedings, judicial or otherwise, for any right or remedy against any Loan Party or any other obligor under any of the Loan Documents (including the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures or cause any of the foregoing (through Affiliates or otherwise), with respect to any Collateral or any other property of any such Loan Party, without the prior written consent of the Administrative Agent. The provisions of this Section 10.12 are for the sole benefit of the Lenders and shall not afford any right to, or constitute a defense available to, any Loan Party.

Section 10.13 **Individual Capacity.** Each Agent and Lender and each of their respective affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan

Party as though such Agent and Lender, as the case may be, were not an Agent or Lender, as the case may be. With respect to its Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

## ARTICLE XI.

### MISCELLANEOUS

Section 11.01 **Notices.** (a) Generally. Notices and other communications provided for herein shall, except as provided in Section 11.01(b), be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Loan Party, to Borrower at:

3535 Harbor Boulevard,  
Suite 100  
Costa Mesa, CA 92626  
Attn: Ede Austin  
Telecopy No.: (714) 599-5593  
Attn: Larry Roberts  
Telecopy No.: (714) 599-5734;

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York City, NY 10036  
Attn: Rossie E. Turman III, Esq.  
Telecopy No.: (917) 777-2748;

(ii) if to the Administrative Agent or the Collateral Agent, to it at:

Jefferies Finance LLC  
520 Madison Avenue  
New York, New York 10022  
Attention: Account Officer – El Pollo Loco, Inc.  
Telecopy No.: (212) 284-3444;

With a copy to:

Shearman & Sterling LLP  
599 Lexington Avenue  
New York City, NY 10022  
Attn: Joshua W. Thompson, Esq.  
Telecopy No.: (646) 848-8703; and

(iii) if to a Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy or by certified or registered mail, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 11.01(a) or in accordance with the latest unrevoked direction from such party given in accordance with this Section 11.01(a), and failure to deliver courtesy copies of notices and other communications shall in no event affect the validity or effectiveness of such notices and other communications.

Notices delivered through electronic communications to the extent provided in Section 11.01(b) below, shall be effective as provided in Section 11.01(b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may (subject to Section 11.01(d)) be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent (in a manner set forth in Section 11.01(a)) that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Collateral Agent or Borrower may, in their respective sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures, respectively, approved by it (including as set forth in Section 11.01(d)); *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (including by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, etc. Any party hereto may change its address, telecopier number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(d) Posting. Each Loan Party will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to this Agreement and any other Loan Document, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing, Borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any borrowing or other extension of credit hereunder (all such non-excluded communications, collectively, the "**Communications**"), by transmitting the Communications in an electronic/soft medium in a format reasonably acceptable to the Administrative Agent at its e-mail address(es) provided to Borrower by the Administrative Agent from time to time or in such other form, including hard copy delivery thereof, as the Administrative Agent shall require. In addition, each Loan Party agrees to continue to provide the Communications to the Administrative Agent in the manner specified in this Agreement or any other Loan Document or in such other form, including hard copy delivery thereof, as the Administrative Agent shall reasonably require. Nothing in this Section 11.01 shall prejudice the right of the Agents, any Lender or any Loan Party to give any notice or other communication pursuant to this Agreement or any other Loan Document in any other manner specified in this Agreement or any other Loan Document or as any such Agent shall reasonably require.

To the extent consented to by the Administrative Agent in writing from time to time, the Administrative Agent agrees that receipt of the Communications by the Administrative Agent at its e-mail address(es) set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents; *provided* that Borrower shall also deliver to the Administrative Agent an executed original of each Compliance Certificate required to be delivered hereunder.



Each Loan Party further agrees that the Administrative Agent may make the Communications available to the other Agents or the Lenders by posting the Communications on IntraLinks, SyndTrak or a substantially similar electronic transmission system (the “**Platform**”). The Platform is provided “as is” and “as available”. The Agents do not warrant the accuracy or completeness of the Communications, or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Agent in connection with the Communications or the Platform.

Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable law, including United States federal and state securities laws, to make reference to information that is not made available through the “Public Side Information” portion of the Platform and that may contain Non-Public Information with respect to the Borrower, its Subsidiaries or their securities for purposes of United States federal or state securities laws. In the event that any Public Lender has determined for itself to not access any information disclosed through the Platform or otherwise, such Public Lender acknowledges that (i) other Lenders may have availed themselves of such information and (ii) neither the Borrower nor the Administrative Agent has any responsibility for such Public Lender’s decision to limit the scope of the information it has obtained in connection with this Agreement and the other Loan Documents.

Section 11.02 **Waivers; Amendment.** (a) No failure or delay by any Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of each Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 11.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether any Agent or any Lender may have had notice or knowledge of such Default at the time. No notice or demand on Borrower or any other Loan Party in any case shall entitle Borrower or any other Loan Party to any other or further notice or demand in similar or other circumstances.

(b) Subject to Section 11.02(c), this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended, supplemented or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent, the Collateral Agent (in the case of any Security Document) and the Loan Party or Loan Parties that are parties thereto, in each case with the written consent of the Required Lenders; *provided* that no such agreement shall:

(i) increase the Commitment of any Lender without the written consent of such Lender (it being understood that no amendment, modification, termination, waiver or consent with respect to any condition precedent, covenant or Default (or any definition used, respectively, therein) shall constitute an increase in the Commitment of any Lender for purposes of this clause (i));

(ii) reduce the principal amount or premium, if any, of any Loan or reduce the rate of interest thereon (other than interest pursuant to Section 2.06(c)), or reduce any Fees payable hereunder, without the written consent of each Lender directly affected thereby (it being understood that any amendment or modification to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (ii));

(iii) postpone or extend the maturity of any Loan, or any scheduled date of payment of or the installment otherwise due on the principal amount of any Term Loan under Section 2.09, or any date for the payment of any interest or fees payable hereunder, or reduce the amount of, waive or excuse any such payment (other than a waiver of any increase in the interest rate pursuant to Section 2.06(c)), or postpone the scheduled date of expiration of any Commitment without the written consent of each Lender directly affected thereby;

(iv) change, modify or eliminate Section 2.10(j) or Section 2.14(b) or (c) or Section 9.02 in a manner that would alter the order of or the *pro rata* sharing of payments or setoffs required thereby, without the written consent of each Lender directly affected thereby;

(v) change the percentage set forth in the definition of "Required Lenders" or any other provision of any Loan Document (including this Section 11.02) specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be);

(vi) subject to the Intercreditor Agreement, release all or substantially all of the Guarantors from their respective Guarantees (except as expressly provided in Article VII), or limit their liability in respect of such Guarantees, without the written consent of each Lender;

(vii) except as expressly permitted in this Agreement or any Security Document but subject to the Intercreditor Agreement, release or subordinate all or substantially all of the Collateral from the Liens of the Security Documents or alter the relative priorities of the Secured Obligations entitled to the Liens of the Security Documents (except in connection with securing additional Secured Obligations equally and ratably with the other Secured Obligations), in each case without the written consent of each Lender;

(viii) change any provisions of any Loan Document in a manner that by its terms adversely and directly affects the rights in respect of payments due to Lenders holding Loans of any Class materially differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each directly affected Class;

(ix) change the application of prepayments of Term Loans set forth in Section 2.10(h) in each case without the consent of the Required Lenders;

(x) change Section 11.04(b) in a manner which further restricts assignments thereunder without the written consent of each Lender; and

(xi) amend, modify or eliminate Section 2.10(m) without the written consent of each Lender directly affected thereby;

*provided, further*, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Collateral Agent without the prior written consent of the Administrative Agent or the Collateral Agent, as the case may be. Notwithstanding the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by Borrower, the Required Lenders and the Administrative Agent if (x) by the terms of such agreement the Commitment of each Lender not consenting to the amendment provided for therein shall terminate upon the effectiveness of such amendment, (y) at the time such amendment becomes effective, each Lender not consenting thereto receives payment in full of the principal of, premium, if any, and interest accrued on each Loan made by it and all other amounts owing to it or accrued for its account under this Agreement, and (z) Section 2.16(b) is complied with.

(c) Without the consent of any other person, the applicable Loan Party or Loan Parties and the Administrative Agent and/or Collateral Agent may (in its or their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by applicable Legal Requirements to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or assets so that the security interests therein comply with applicable Legal Requirements.

(d) Notwithstanding the foregoing, the Administrative Agent may, with the consent of Borrower only, (i) amend, modify or supplement this Agreement to cure any ambiguity, omission, defect or inconsistency as result of conforming Article VI (and related definitions) to the corresponding provisions in the First Lien Loans and the other First Lien Loan Documents, (ii) amend, modify or supplement this Agreement to cure any ambiguity, omission, defect or inconsistency, so long as such amendment, modification or supplement does not adversely affect the rights of any Lender in any material respect and (iii) amend, modify or supplement this Agreement in order to implement the provisions of Sections 2.20 or 2.21.

Section 11.03 **Expenses; Indemnity; Damage Waiver.** (a) The Loan Parties agree, jointly and severally, to pay, promptly upon demand:

(i) subject to the provisions of the Fee Letter with respect to Jefferies Finance LLC and its Affiliates, all reasonable and documented out-of-pocket costs and expenses incurred by the Lead Arranger, the Administrative Agent and the Collateral Agent, including the reasonable fees, charges and disbursements of Advisors for the Lead Arranger, the Administrative Agent and the Collateral Agent, in connection with the syndication of the Loans and Commitments, the preparation, negotiation, execution and delivery of the Loan Documents, the administration of the Credit Extensions and Commitments, the perfection and maintenance of the Liens securing the Collateral and any actual or proposed amendment, supplement or waiver of any of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated); *provided* that in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one transaction counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction);

(ii) all out-of-pocket costs and expenses incurred by the Administrative Agent or the Collateral Agent, including the fees, charges and disbursements of Advisors for the Administrative Agent and the Collateral Agent, in connection with any action, claim, suit, litigation, investigation, inquiry or proceeding affecting the Collateral or any part thereof, in which action, claim, suit, litigation, investigation, inquiry or proceeding the Administrative Agent or the Collateral Agent is made a party or participates or in which the right to use the Collateral or any part thereof is threatened, or in which it becomes necessary in the judgment of the Administrative Agent or the Collateral Agent to defend or uphold the Liens granted by the Security Documents (including any action, claim, suit, litigation, investigation, inquiry or proceeding to establish or uphold the compliance of the Collateral with any Legal Requirements); *provided* that in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one litigation counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction);

(iii) all costs and expenses incurred by the Lead Arranger, the Administrative Agent, the Collateral Agent, any other Agent or any Lender, including the fees, charges and disbursements of Advisors for any of the foregoing, incurred in connection with the enforcement or protection of its rights under the Loan Documents, including its rights under this Section 11.03(a), or in connection with the Loans made hereunder and the collection of the Secured Obligations, including all such costs and expenses incurred during any workout, restructuring or negotiations in respect of the Secured Obligations; *provided* that in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction; and

(iv) all Other Taxes in respect of the Loan Documents.

(b) The Loan Parties agree, jointly and severally, to indemnify the Agents, each Lender, and each of their respective Related Persons (each such person being called an “**Indemnitee**”) against, and to hold each Indemnitee harmless from, all reasonable out-of-pocket costs and any and all losses, claims, damages, liabilities, fees, fines, penalties, actions, judgments, suits and related expenses, including reasonable Advisors fees, charges and disbursements (collectively, “**Claims**”), incurred by, imposed on or asserted against any Indemnitee, directly or indirectly, arising out of, in any way connected with, or as a result of (i) the execution, delivery, performance, administration or enforcement of the Loan Documents or any agreement or instrument contemplated thereby or the performance by the parties thereto of their respective obligations thereunder, (ii) any actual or proposed use of the proceeds of the Loans, (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, (iv) any actual or alleged presence or Release or threatened Release of Hazardous Materials, on, at, under or from any property owned, leased or operated by any Company at any time, or any Environmental Claim or threatened Environmental Claim related in any way to any Company, (v) any past, present or future non-compliance with, or violation of, Environmental Laws or Environmental Permits applicable to any Company, or any Company’s business, or any property presently or formerly owned, leased, or operated by any Company or their predecessors in interest, the environmental condition of any property owned, leased, or operated by any Company at any time, or the applicability of any Legal Requirements relating to such property, whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of any Company, the imposition of any environmental Lien encumbering any Real Property, (viii) the consummation of the Transactions and the other transactions contemplated hereby (including the syndication of the Facility) or (ix) any actual or prospective action, claim, suit, litigation, investigation, inquiry or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Loan Party or otherwise, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have directly resulted solely from the gross negligence or willful misconduct of such Indemnitee or its Related Persons, the material breach of this Agreement by such Indemnitee or for any such losses, claims, damages, liabilities or related expenses resulting from a dispute solely among Indemnitees and not arising from any act or omission of any Company; *provided further* that with respect to each Claim (or related series of Claims), in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction.

(c) Each Agent and the Loan Parties agree, jointly and severally, that, without the prior written consent of the Administrative Agent and each affected Lender, which consent(s) will not be unreasonably withheld, no such Agent nor the Loan Parties will not enter into any settlement of a Claim in respect of the subject matter of clauses (i) through (ix) of Section 11.03(b) unless such settlement includes an explicit and unconditional release from the party bringing such Claim of all Indemnitees.

(d) The provisions of this Section 11.03 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the Transactions and the other transactions contemplated hereby, the repayment of the Loans and any other Secured Obligations, the release of any Guarantor or of all or any portion of the Collateral, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Agents or any Lender. All amounts due under this Section 11.03 shall be accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(e) To the fullest extent permitted by applicable Legal Requirements, (i) no party hereto shall assert, and each party hereto hereby waives, any claim against any party hereto or Indemnitee, on any theory of liability, for special, indirect, exemplary, or punitive damages arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof (except, in the case of any Indemnitee, with respect to, or arising in connection with, any Claims) and (ii) no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee, on any theory of liability, for consequential damages (including any loss of profits, business or anticipated savings) arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with the Loan Documents or the transactions contemplated hereby or thereby.

(f) All amounts due under this Section 11.03 shall be payable not later than 10 Business Days after demand therefor.

(g) This Section 11.03 shall not apply to any Taxes in respect of payments under this Agreement, which shall be governed solely by Section 2.15.

Section 11.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Loan Parties may not assign or otherwise transfer any of their respective rights or obligations hereunder without the prior written consent of the Administrative Agent, the Collateral Agent and each Lender, which consent may be withheld in their respective sole discretion (and any attempted assignment or transfer by any Loan Party without such consent shall be null and void). Nothing in this Agreement or any other Loan Document, express or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent expressly provided in Section 11.04(f) and, to the extent expressly contemplated hereby, the other Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement or any other Loan Document.

(b) Any Lender shall have the right at any time to assign to one or more assignees (other than any Company or any Affiliate thereof (except for any Affiliated Debt Fund) or an Excluded Lender) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided that*:

(i) Except in the case of (A) an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, or (B) an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Term Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$1,000,000.

(ii) Each partial assignment shall be made as an assignment of a proportionate part of all of the assigning Lender's rights and obligations under this Agreement, except that this clause (ii) shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans.

(iii) The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500; *provided* that such fee shall not be payable in the case of (A) an assignment by any Lender to an Approved Fund or an Affiliate of such Lender, (B) any assignment made in connection with the primary syndication of the Commitments and Loans by the Lead Arranger or (C) an assignment settled through the Administrative Agent.

(iv) The assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) [Reserved].

(vi) In the case of an assignment of all or a portion of a Commitment or a Loan (except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund), Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld, delayed or conditioned; *provided* that consent shall be deemed to have been granted if the Borrower does not object in writing within 5 business days after request therefor; *provided further* that no such consent shall be required in connection with any assignment made in consultation with the Borrower related to the primary syndication of the Commitments and Loans by the Lead Arranger.

(vii) (A) Notwithstanding anything to the contrary contained in this Agreement, any Lender may assign all or a portion of its Term Loans to any Person who is or, after giving effect to such assignment, would be a Non-Debt Fund Affiliate (other than Affiliated Debt Funds, the Parent, Borrower and its Subsidiaries) (collectively, the "**Sponsor Investors**") (without the consent of any Person); *provided* that (1) the assigning Lender and each Sponsor Investor purchasing such Lender's Term Loans shall (x) execute and deliver to the Administrative Agent an Assignment and Assumption via an electronic settlement system reasonably acceptable to the Administrative Agent or by manual execution and (2) at the time of such assignment after giving effect to such assignment, the aggregate principal amount of all Term Loans held by the Sponsor Investors shall not exceed 25% of the aggregate principal amount of all Term Loans at any time outstanding under this Agreement.

(B) Notwithstanding anything to the contrary in this Agreement, the Sponsor Investors shall not have any right to (1) attend (including by telephone or electronic means) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender to which representatives of the Loan Parties are not invited or (2) receive any information or material prepared by the Administrative Agent or any Lender or any communication by or among the Administrative Agent and/or one or more Lenders or have access to the Platform used to distribute information to the Lenders, except to the extent such information or materials have been made available to any Loan Party or its representatives.

(C) Notwithstanding anything in Section 11.04(b) or the definition of "Required Lenders" to the contrary, for purposes of determining whether the Required Lenders (or all Lenders or affected Lenders) have (1) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, (2) otherwise acted on any matter related to any Loan Document, or (3) directed or required the Administrative Agent, the Collateral Agent or any Lender to

undertake any action (or refrain from taking any action) with respect to or under any Loan Document, the Loans of such Sponsor Investor shall not be included in the calculation of Required Lenders (or if such non-voting designation is unenforceable for any reason, or in connection with any matter requiring the votes of such Sponsor Investor in any Bankruptcy Proceedings such Sponsor Investor shall be deemed to have voted its interest as a Lender without discretion in the same proportion as the allocation of voting with respect to such matter by Lenders who are not Sponsor Investors); *provided* that no amendment, modification, waiver, consent or other action with respect to any Loan Document shall deprive such Sponsor Investor of its *pro rata* share of any payments to which such Sponsor Investor is entitled under the Loan Documents and the Sponsor Investor shall be entitled to vote on any amendment pursuant to Sections 11.02(b)(i) – (xi) or which disproportionately affects such Sponsor Investor; and in furtherance of the foregoing, (x) the Sponsor Investor agrees to execute and deliver to the Administrative Agent any instrument reasonably requested by the Administrative Agent to evidence the voting of its interest as a Lender in accordance with the provisions of this Section 11.04(b)(vii)(C); *provided* that if the Sponsor Investor fails to promptly execute such instrument such failure shall in no way prejudice any of the Administrative Agent's rights under this paragraph and (y) the Administrative Agent is hereby appointed (such appointment being coupled with an interest) by the Sponsor Investor as the Sponsor Investor's attorney in fact, with full authority in the place and stead of the Sponsor Investor and in the name of the Sponsor Investor, from time to time in the Administrative Agent's reasonable discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this Section 11.04(b)(vii)(C).

(D) Each Sponsor Investor agrees that it shall not have any right to make or bring (or participate in, other than as a passive participant in or recipient of its *pro rata* benefits of) any claim, in its capacity as a Lender, against the Agents or any other Lender with respect to any duties or obligations or alleged duties or obligations of such Agent or any other such Lender under the Loan Documents, except with respect to any claims (x) that any such Agent or any other such Lender is treating, except as otherwise provided herein or in any other Loan Document, such Non-Debt Fund Affiliate, in its capacity as a Lender, in a disproportionate manner relative to the other Lenders and (y) of the bad faith, gross negligence or willful misconduct of any such Agent or any other such Lender.

(E) Each Sponsor Investor, solely in its capacity as a Lender, hereby agrees, and each Assignment and Assumption shall provide a confirmation that, if any Loan Party or any of their assets shall be subject to any voluntary or involuntary proceeding commenced under the Bankruptcy Code or any other Debtor Relief Laws ("**Bankruptcy Proceedings**"), (1) such Sponsor Investor shall not take any step or action in such Bankruptcy Proceeding to object to, impede, or delay the exercise of any right or the taking of any action by the Administrative Agent (or the taking of any action by a third party that is supported by the Administrative Agent) in relation to such Sponsor Investor's claim with respect to its Loans (including, without limitation, objecting to any debtor in possession financing, use of cash collateral, grant of adequate protection, sale or disposition, compromise, or plan of reorganization) so long as such Sponsor Investor (in its capacity as a Lender) is treated in connection with such exercise or action on the same or better terms as the other Lenders, (2) with respect to any matter requiring the vote of Lenders during the pendency of a Bankruptcy Proceeding (including, without limitation, voting on any plan of reorganization), the Loans held by such Sponsor Investor (and any Sponsor Investor's claim with respect thereto) shall be deemed to be voted in accordance with clause (C) of this Section 11.04(b)(vii), so long as such Sponsor Investor (in its capacity as a Lender) is treated in connection with the exercise of such right or taking of such action on the same or better terms as the other Lenders. For the avoidance of doubt, the Lenders and each Sponsor Investor (in its capacity as Lender) agree and acknowledge that the provisions set forth in this clause (E) of Section 11.04(b)(vii), and the related provisions set forth in each Assignment and Assumption, constitute, to the extent set forth in this clause (E), a "subordination agreement" as such term is contemplated by, and utilized in, Section 5.10(a) of the Bankruptcy Code, and, as such, would be enforceable for all purposes in any case where a Loan Party has filed for protection under the Bankruptcy Code and (3) all parties to the relevant transaction shall execute customary "big-boy" disclaimer letters.

(viii) Notwithstanding anything to the contrary herein, each Sponsor Investor, in its capacity as a Term Lender, in its sole and absolute discretion, may make one or more capital contributions or assignments of Term Loans that it acquires in accordance with Section 11.04(b)(vii) directly or indirectly to the Parent or Borrower solely in exchange for Equity Interests of the Parent (other than Disqualified Capital Stock) upon no less than three Business Days' written notice to the Administrative Agent. Immediately upon the Parent or Borrower's acquisition of Term Loans from a Sponsor Investor, (x) such Term Loans and all rights and obligations as a Lender related thereto shall for all purposes (including under this Agreement, the other Loan Documents and otherwise) be automatically deemed to be irrevocably prepaid, terminated, extinguished, cancelled and of no further force and effect and neither the Parent nor the Borrower shall obtain nor have any rights as a Lender hereunder or under the other Loan Documents by virtue of such capital contribution or assignment (without limiting the foregoing, in all events, such Term Loans may not be resold or otherwise assigned, or subject to any participation, or otherwise transferred by the Parent or the Borrower) and (y) Borrower shall deliver to the Administrative Agent a written acknowledgement and agreement executed by a Responsible Officer and in form and substance reasonably acceptable to the Administrative Agent acknowledging the irrevocable prepayment, termination, extinguishment and cancellation of such Loans and confirming that the Parent or Borrower has no rights as a Lender under this Agreement, the other Loan Documents or otherwise. In connection with any Term Loans repurchased and cancelled pursuant to this Section 11.04(b)(vii) the Administrative Agent is authorized to make appropriate entries in the Register to reflect any such cancellation.

(ix) Notwithstanding anything to the contrary contained in this Section 11.04(b) or any other provision of this Agreement, each Lender shall have the right at any time to sell, assign or transfer all or a portion of its Term Loans owing to it to the Parent, the Borrower or any of their Subsidiaries on a non-*pro rata* basis, subject to the following limitations:

(A) no Default or Event of Default has occurred and is then continuing, or would immediately result therefrom;

(B) the Parent, the Borrower or any of their Subsidiaries shall repurchase such Term Loans through either (y) conducting one or more modified Dutch auctions or other buy-back offer processes (each, an "**Offer Process**") with a third party financial institution as auction agent to repurchase all or any portion of the Term Loans provided that, (A) notice of such Offer Process shall be made to all Lenders and (B) such Offer Process is conducted pursuant to procedures mutually established by the Administrative Agent and Borrower which are consistent with this Section 11.04(b)(ix) or (z) open market purchases on a non-*pro rata* basis;

(C) with respect to all repurchases made by the Parent, the Borrower or any of their Subsidiaries pursuant to this Section 11.04(b)(ix), none of the Parent, the Borrower or any of their Subsidiaries shall be required to make any representations that the Parent, the Borrower or such Subsidiary is not in possession of any information regarding the Parent, its Subsidiaries or its Affiliates, or their assets or their respective securities, Borrower's ability to perform its Obligations or any other matter that may be material to a decision by any Lender to participate in any offer or enter into any Assignment and Assumption or any of the transactions contemplated thereby that has not previously been disclosed to the Administrative Agent and Private Siders, (x) no Default or Event of Default has occurred and is continuing or would result from such repurchase, (y) the assigning Lender and the Parent, Borrower or such Subsidiary, as applicable, shall execute and deliver to the Administrative Agent an Assignment and Assumption in form and substance reasonably satisfactory to the Administrative Agent and (z) all parties to the relevant repurchases shall execute customary "big-boy" disclaimer letters; and



(D) immediately following repurchase by the Parent, the Borrower or any of their Subsidiaries pursuant to this Section, the Term Loans so repurchased shall, without further action by any Person, be deemed automatically and irrevocably cancelled for all purposes and no longer outstanding (and may not be resold by the Parent, the Borrower or such Subsidiary), for all purposes of this Agreement and all other Loan Documents, including, but not limited to (1) the making of, or the application of, any payments to the Lenders under this Agreement or any other Loan Document, (2) the making of any request, demand, authorization, direction, notice, consent or waiver under this Agreement or any other Loan Document or (3) the determination of Required Lenders, or for any similar or related purpose, under this Agreement or any other Loan Document. In connection with any Term Loans repurchased and cancelled pursuant to this Section 11.04(b)(ix) the Administrative Agent is authorized to make appropriate entries in the Register to reflect any such cancellation.

Notwithstanding the foregoing, if any Event of Default or any payment Default has occurred and is continuing, any consent of Borrower otherwise required under this paragraph shall not be required. Subject to acceptance and recording thereof pursuant to Section 11.04(f), from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement (*provided* that any liability of Borrower to such assignee under Section 2.12, 2.13 or 2.15 shall be limited to the amount, if any, that would have been payable thereunder by Borrower in the absence of such assignment, except to the extent any such amounts are attributable to a Change in Law occurring after the date of such assignment), and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.13, 2.15 and 11.03).

(c) Any assignor of a Loan or seller of a participation hereunder shall be entitled to rely conclusively on a representation of the assignee Lender or Participant in the relevant Assignment and Acceptance or participation agreement, as applicable, that such assignee or purchaser is not an Excluded Lender. None of the Lenders, the Lead Arranger, the Bookrunner or the Agents shall have any responsibility or liability for monitoring the list or identities of, or enforcing provisions relating to, Excluded Lenders.

(d) The Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of and interest on the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive in the absence of manifest error, and Borrower, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower, the Collateral Agent and any Lender (with respect to its own interest only), at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 11.04(b) and any written consent to such assignment required by Section 11.04(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in Section 11.04(d). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with the requirements of this Section 11.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 11.04(f).

(f) Any Lender shall have the right at any time, without the consent of, or notice to Borrower, the Administrative Agent or any other person to sell participations to any person (other than any Company or any Affiliate thereof or a natural person) (a “**Participant**”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower, the Administrative Agent, the Collateral Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) is described in clauses (i), (ii) or (iii) of the proviso to Section 11.02(b) and (2) directly affects such Participant. Subject to Section 11.04(g), each Participant shall be entitled to the benefits of Sections 2.12, 2.13 or 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.04(b). To the extent permitted by Legal Requirements, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; *provided* that such Participant agrees in writing to be subject to Section 2.14(c) as though it were a Lender. Each Lender shall, acting for this purpose as an agent of Borrower, maintain at one of its offices a register for the recordation of the names and addresses of its Participants, and the amount and terms of its participations (including principal amounts and interest thereon); *provided* that no Lender shall be required to disclose or share the information contained in such register with Borrower or any other person, except as required by applicable Legal Requirements (the “**Participant Register**”).

(g) A Participant shall not be entitled to receive any greater payment under Sections 2.12, 2.13 or 2.15 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 2.15 as though it were a Lender.

(h) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 11.04(h) shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. Without limiting the foregoing, in the case of any Lender that is a fund that invests in bank loans or similar extensions of credit, such Lender may, without the consent of Borrower, the Administrative Agent or any other person, collaterally assign or pledge all or any portion of its rights under this Agreement, including the Loans and Notes or any other instrument evidencing its rights as a Lender under this Agreement, to any holder of, trustee for, or any other representative of holders of, obligations owed or securities issued, by such fund, as security for such obligations or securities.

(i) Notwithstanding anything to the contrary contained herein, any Lender (a “**Granting Lender**”) may grant to a special purpose funding vehicle (an “**SPC**”), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and Borrower, the option to provide to Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to such Borrower pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof; *provided further* that nothing herein shall make the SPC a “Lender” for the purposes of this Agreement, obligate Borrower or any other Loan Party or the Administrative Agent to deal with such SPC directly, obligate Borrower or any other Loan Party in any manner to any greater extent than they were obligated to the Granting Lender, or increase costs or expenses of Borrower. The Loan Parties and the Administrative Agent shall be

entitled to deal solely with, and obtain good discharge from, the Granting Lender and shall not be required to investigate or otherwise seek the consent or approval of any SPC, including for the approval of any amendment, waiver or other modification of any provision of any Loan Document. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States of America or any state thereof. In addition, notwithstanding anything to the contrary contained in this [Section 11.04\(i\)](#), any SPC may (i) with notice to, but without the prior written consent of, Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by Borrower and the Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC.

(j) The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Legal Requirement, including the Federal Electronic Signatures in Global and National Commerce Act, as amended, the New York State Electronic Signatures and Records Act, as amended, or any other similar state laws based on the Uniform Electronic Transactions Act, as amended.

**Section 11.05 Survival of Agreement.** All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the reports, certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Agents or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any Obligation (other than contingent indemnification obligations not then payable) and so long as the Commitments have not expired or terminated. The provisions of [Article X](#) and [Sections 2.12 to 2.15](#), [10.06](#), [11.03](#) and [11.08](#) to [11.10](#) shall survive and remain in full force and effect regardless of the consummation of the Transactions and the other transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

**Section 11.06 Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent and/or the Lead Arranger, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in [Section 4.01](#), this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 11.07 **Severability**. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 11.08 **Right of Setoff**. If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Legal Requirements, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Loan Party against any and all of the obligations of any Loan Party now or hereafter existing under this Agreement or any other Loan Documents held by such Lender irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender under this Section 11.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have. Each Lender agrees to notify Borrower and the Administrative Agent promptly after any such setoff and application; *provided, however*, that in no event shall the failure to give such notice effect the validity or enforceability of any such setoffs.

Section 11.09 **Governing Law; Jurisdiction; Consent to Service of Process**. (a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by applicable Legal Requirements, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Legal Requirements. Nothing in this Agreement or any other Loan Document or otherwise shall affect any right that the Administrative Agent, any other Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Legal Requirements, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in this Section 11.09(c). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Legal Requirements, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in any action or proceeding arising out of or relating to any Loan Document, in the manner provided for notices (other than

telecopy or email) in Section 11.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable Legal Requirements.

Section 11.10 **Waiver of Jury Trial**. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable Legal Requirements, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to any Loan Document, the Transactions or the other transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 11.10.

Section 11.11 **Headings; No Adverse Interpretation of Other Agreements**. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. This Agreement may not be used to interpret any other loan or debt agreement or instrument of any Company or of any other person. Any such loan or debt agreement or instrument may not be used to interpret this Agreement or any other Loan Document.

Section 11.12 **Confidentiality**. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' and Approved Funds' directors, officers, employees, agents, advisors and other representatives, including accountants, legal counsel and other advisors (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential pursuant to the terms hereof), (b) to the extent requested by any regulatory authority or any quasi-regulatory authority (such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Legal Requirements or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under the Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 11.12, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower and its obligations, (iii) any actual or prospective investor in an SPC or (iv) any rating agency for the purpose of obtaining a credit rating applicable to any Loan or Loan Party, (g) with the consent of Borrower or (h) to the extent such Information (i) is publicly available at the time of disclosure or becomes publicly available other than as a result of a breach of this Section 11.12 or (ii) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than Borrower or any Subsidiary. In addition, the Agents and the Lenders may disclose the existence of the Loan Documents and information about the Loan Documents to market data collectors, similar service providers to the financing community, and service providers to the Agents and the Lenders. For the purposes of this Section 11.12, "Information" shall mean all information received from Borrower relating to Borrower or any of its Subsidiaries or its business that is clearly identified at the time of delivery as confidential, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by Borrower. Any person required to maintain the confidentiality of Information as provided in this Section 11.12 shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord to its own confidential information.

Section 11.13 **Interest Rate Limitation**. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the

maximum lawful rate (the “**Maximum Rate**”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable Legal Requirements, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 11.13 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

Section 11.14 **Assignment and Acceptance**. Each Lender to become a party to this Agreement (other than the Administrative Agent and any other Lender that is a signatory hereto) shall do so by delivering to the Administrative Agent an Assignment and Acceptance duly executed by such Lender, Borrower (if Borrower consent to such assignment is required hereunder) and the Administrative Agent.

Section 11.15 **Obligations Absolute**. To the fullest extent permitted by applicable law, all obligations of the Loan Parties hereunder shall be absolute and unconditional irrespective of:

- (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Loan Party;
- (b) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto against any Loan Party;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligation, or any other amendment or waiver of or any consent to any departure from any Loan Document or any other agreement or instrument relating thereto;
- (d) any exchange, release or non-perfection or loss of priority of any Liens on any or all of the Collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations;
- (e) any exercise or non-exercise, or any waiver of any right, remedy, power or privilege under or in respect hereof or any Loan Document; or
- (f) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Loan Parties.

Section 11.16 **Waiver of Defenses; Absence of Fiduciary Duties**. (a) Each of the Loan Parties hereby waives any and all suretyship defenses available to it as a Guarantor arising out of the joint and several nature of its respective duties and obligations hereunder (including any defense contained in Article VII).

(b) Each of the Loan Parties agrees that in connection with all aspects of the transactions contemplated hereby or by the other Loan Documents and any communications in connection therewith, the Loan Parties and their respective Affiliates, on the one hand, and each Lender, SPC and Agent, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of any Lender, SPC or any Agent or any of their respective Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

Section 11.17 **USA Patriot Act**. Each Lender hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name, address and taxpayer identification number of each Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Patriot Act.

Section 11.18 **LEGEND**. THE TERM LOANS HAVE BEEN ISSUED WITH OID FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THESE LOANS MAY BE OBTAINED BY WRITING TO THE ADMINISTRATIVE AGENT AT THE ADDRESS SET FORTH IN SECTION 11.01.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed by their respective authorized officers or other authorized signatories as of the day and year first above written.

**EPL INTERMEDIATE, INC.**, as Parent and as a Guarantor

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

EL POLLO LOCO, INC., as Borrower

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

Signature Page to  
Second Lien Credit Agreement



**JEFFERIES FINANCE LLC,**  
as Lender

By: /s/ E. J. Hess  
Name: E. J. Hess  
Title: Managing Director

Signature Page to  
Second Lien Credit Agreement

**JEFFERIES FINANCE LLC,**  
as an Administrative Agent and Collateral

By: /s/ E. J. Hess  
Name: E. J. Hess  
Title: Managing Director

Signature Page to  
Second Lien Credit Agreement

**Initial Lenders and Commitments**

<u>Lender</u>	<u>Commitment</u>	<u>Percentage</u>
Jefferies Finance LLC	<b>\$100,000,000</b>	<b>100%</b>
<b>Total</b>	<b>\$100,000,000</b>	<b>100%</b>

**Schedule 1.01(a)****Existing Litigation**

<u>Name</u>	<u>Venue</u>	<u>Case No.</u>	<u>Nature of Claim</u>
Specialty Risk Services v. El Pollo Loco, Inc.; Employers Reinsurance Corporation; and Westport Insurance Corporation	Los Angeles County Superior Court	BC465085	Complaint for Declaratory Relief filed July 8, 2011 regarding handling of workers compensation claim; EPL indemnified by Westport Insurance as part of settlement of coverage dispute on same claim.
Rigoberto Magana v. El Pollo Loco	Orange County Superior Court	30-2012-00613901	Purported class action alleging unpaid overtime, missed meal periods and rest breaks and other wage and hour violations on behalf of all hourly restaurant employees in California.
People of the State of California v. El Pollo Loco, et al.	Los Angeles County Superior Court – South Division	NC057808	Eminent domain takeover of restaurant in Norwalk California by state transportation authority; dispute over equitable reimbursement for goodwill, real estate and fixtures and equipment as well as apportionment with Landlord.
Dietgoal Innovations v. El Pollo Loco	United States District Court, Central District of California	TBD	Patent infringement case re: interactive meal builder component of website; case transferred from USDC EDTX.
Radha K. Nair v. El Pollo Loco	Circuit Court of Cook County Illinois	13L000487	Dispute over lease termination for catastrophic loss and related insurance proceeds
Socorro De La Cruz v. El Pollo Loco, et al.	Los Angeles County Superior Court	BC494657	Claim for breach of contract, wrongful termination and failure to accommodate
Celvin Juarez v. El Pollo Loco and WKS Land Corporation	Los Angeles County Superior Court	VC023427	ADA violations at franchise location
Sylvia Martinez	Nevada Equal Rights Commission	0220-13-0094L	Alleges age and national origin discrimination
Esam Mahmoud	Nevada Equal Rights Commission	0402-13-0143L	Alleges age discrimination
Samuel McKinney	Ca. Dept. of Fair Employment and Housing	62657-29711	Alleges race discrimination and wrongful termination
Carlos Guzman	Ca. Dept. Fair Employment and Housing	Inquiry No. 97919-43981	Complaint for discrimination, harassment and retaliation based on sexual orientation.

**Schedule 1.01(b)**

**Mortgaged Property**

<u>Unit</u>	<u>Address</u>	<u>City/State</u>	<u>Owner</u>
5442	2501 E. Slauson Ave.	Huntington Park, CA	El Pollo Loco, Inc.
5903	2525 Long Beach Blvd.	Long Beach, CA	El Pollo Loco, Inc.
5907	11331 Hawthorne Blvd.	Inglewood, CA	El Pollo Loco, Inc.
5912	8245 E. Santa Ana Canyon	Anaheim Hills, CA	El Pollo Loco, Inc.
5914	12800 Avalon Blvd.	Los Angeles, CA	El Pollo Loco, Inc.
5972	101 East Manchester	Los Angeles, CA	El Pollo Loco, Inc.

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**Schedule 1.01(c)**

**Subsidiary Guarantors**

None

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**Schedule 1.01(d)**

**Pledgors**

El Pollo Loco, Inc.  
EPL Intermediate, Inc.

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**Schedule 1.01(e)**

**Closed Stores**

<u>#</u>	<u>Location</u>	<u>Status</u>
5934	Encino, CA	Will not renew lease
5896	North Hollywood, CA	Will not renew lease
5304	El Monte, CA	Will not renew lease
5900	Los Angeles, CA	Will not renew lease



Schedule 1.01(f)

Existing Letters of Credit

<u>Beneficiary</u>	<u>#</u>	<u>\$</u>
ACE Insurance	SM238678W	4,418,086
Southern California Edison	SE450928W	450,000
State of California-Self Insurance Fund	SM238839W	220,000
Tiger Natural Gas	SE451024W	0.00
Total Outstanding Letters of Credit		<u>5,088,086</u>

**Schedule 3.05(b)**

**Real Property**

<u>Unit</u>	<u>Address</u>	<u>City/State</u>	<u>Owner</u>
5327	2501 SOUTH BRISTOL STREET	Santa Ana, CA	El Pollo Loco, Inc.
5442	2501 E. SLAUSON AVE.	Huntington Park, CA	El Pollo Loco, Inc.
5903	2525 LONG BEACH BLVD.	Long Beach, CA	El Pollo Loco, Inc.
5907	11331 HAWTHORNE BLVD.	Inglewood, CA	El Pollo Loco, Inc.
5912	8245 E. SANTA ANA CANYON	Anaheim Hills, CA	El Pollo Loco, Inc.
5914	12800 AVALON BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5931	2403 BABCOCK ROAD	San Antonio, TX	El Pollo Loco, Inc.
5947	4865 E. KINGS CANYON	Fresno, CA	El Pollo Loco, Inc.
5949	1133 SW MILITARY DR.	San Antonio, TX	El Pollo Loco, Inc.
5950	3938 FREDRICKSBURG ROAD	San Antonio, TX	El Pollo Loco, Inc.
5951	6499 N. BLACKSTONE	Fresno, CA	El Pollo Loco, Inc.
5972	101 EAST MANCHESTER	Los Angeles, CA	El Pollo Loco, Inc.
5986	4501 SLAUSON BLVD.	Maywood, CA	El Pollo Loco, Inc.
5991	4645 WEST COMMERCE	San Antonio, TX	El Pollo Loco, Inc.
6009	32089 DATE PALM DR.	Cathedral City, CA	El Pollo Loco, Inc.
3733			
(formerly			
3346)	2830 W FLORIDA AVE	Hemet, CA	El Pollo Loco, Inc.
3424	613 W OLIVE AVE	Merced, CA	El Pollo Loco, Inc.
3429	7087 BROADWAY	Lemon Grove, CA	El Pollo Loco, Inc.
6075	6131 W. LAKE MEAD BLVD.	Las Vegas, NV	El Pollo Loco, Inc.

**Leased Locations**

<u>UNIT</u>	<u>ADDRESS</u>	<u>City/State</u>	<u>Pertains To</u>
5892	2225 PLAZA PARKWAY	Modesto, CA	El Pollo Loco, Inc.
5888	2293 SOUTH VIRGINIA STREET	Reno, NV	El Pollo Loco, Inc.
5891	4600 MACK ROAD	Sacramento, CA	El Pollo Loco, Inc.
5745	9431 SLAUSON AVENUE	Pico Rivera, CA	El Pollo Loco, Inc.
5543	14455 RAMONA BOULEVARD	Baldwin Park, CA	El Pollo Loco, Inc.
5893	678 NORTH WILSON WAY	Stockton, CA	El Pollo Loco, Inc.
5508	81901 HIGHWAY 111	Indio, CA	El Pollo Loco, Inc.
5884	1299 SOUTH WINCHESTER BLVD.	San Jose, CA	El Pollo Loco, Inc.
5352	5415 EL CAJON BOULEVARD	San Diego, CA	El Pollo Loco, Inc.
5398	666 H STREET	Chula Vista, CA	El Pollo Loco, Inc.
5788	1004 MISSION BOULEVARD	Oceanside, CA	El Pollo Loco, Inc.
5692	27375 JEFFERSON AVENUE	Temecula, CA	El Pollo Loco, Inc.
5432	6121 MISSION GORGE ROAD	San Diego, CA	El Pollo Loco, Inc.
5302	1909 NORTH MAIN STREET	Santa Ana, CA	El Pollo Loco, Inc.
5575	1535 PALM AVENUE	San Diego, CA	El Pollo Loco, Inc.
5473	1411 LINCOLN AVENUE	Los Angeles, CA	El Pollo Loco, Inc.
5364	6752 RESEDA BOULEVARD	Reseda, CA	El Pollo Loco, Inc.
5363	1710 HIGHLAND AVENUE	National City, CA	El Pollo Loco, Inc.
5566	120 NORTH EUCLID	Fullerton, CA	El Pollo Loco, Inc.

5486	17240 SATICOY	Van Nuys, CA	El Pollo Loco, Inc.
5703	117 WEST NUEVO ROAD	Perris, CA	El Pollo Loco, Inc.
5936	2780 TAPO CANYON	Simi Valley, CA	El Pollo Loco, Inc.
5924	7120 AVENIDA ENCINAS	Carlsbad, CA	El Pollo Loco, Inc.
5301	503 S. ALVARADO STREET	Los Angeles, CA	El Pollo Loco, Inc.
5304	10612 VALLEY MALL	El Monte, CA	El Pollo Loco, Inc.
5322	1224 SOUTH SOTO STREET	Los Angeles, CA	El Pollo Loco, Inc.
5323	14429 ROSCOE BOULEVARD	Panorama City, CA	El Pollo Loco, Inc.
5340	12909 HARBOR BOULEVARD	Garden Grove, CA	El Pollo Loco, Inc.
5349	408 EAST WASHINGTON BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5355	18571 EAST CHAPMAN AVENUE	Orange, CA	El Pollo Loco, Inc.
5365	14329 LAKEWOOD BLVD.	Downey, CA	El Pollo Loco, Inc.
5374	101 SOUTH HARBOR BOULEVARD	Santa Ana, CA	El Pollo Loco, Inc.
5377	14300 PRAIRIE AVENUE	Hawthorne, CA	El Pollo Loco, Inc.
5378	4058 TWEEDY BLVD.	South Gate, CA	El Pollo Loco, Inc.
5379	2360 FOOTHILL BOULEVARD	La Verne, CA	El Pollo Loco, Inc.
5386	1260 NORTH VINE STREET	Hollywood, CA	El Pollo Loco, Inc.
5389	610 NORTH MAIN STREET	Corona, CA	El Pollo Loco, Inc.
5391	729 WEST LAS TUNAS DRIVE	San Gabriel, CA	El Pollo Loco, Inc.
5397	123 EAST HOLT AVENUE	Pomona, CA	El Pollo Loco, Inc.
5399	16920 GOLDEN WEST	Hunt. Beach, CA	El Pollo Loco, Inc.
5400	110 WEST BALL ROAD	Anaheim, CA	El Pollo Loco, Inc.
5408	1201 SOUTH BEACH BLVD.	Anaheim, CA	El Pollo Loco, Inc.
5410	3959 WILSHIRE BLVD., STE. 1A	Los Angeles, CA	El Pollo Loco, Inc.
5415	2801 CRENSHAW BOULEVARD	Los Angeles, CA	El Pollo Loco, Inc.
5417	262 SOUTH ROSEMEAD BLVD.	Pasadena, CA	El Pollo Loco, Inc.
5420	5386 CHERRY AVENUE	Long Beach, CA	El Pollo Loco, Inc.
5425	88 CORPORATE PARK	Irvine, CA	El Pollo Loco, Inc.
5451	7519 S. ATLANTIC AVE.	Cudahy, CA	El Pollo Loco, Inc.
5462	8239 TOPANGA CANYON ROAD	Canoga Park, CA	El Pollo Loco, Inc.
5468	12121 BROOKHURST STREET	Garden Grove, CA	El Pollo Loco, Inc.
5477	3463 ARTESIA BOULEVARD	Long Beach, CA	El Pollo Loco, Inc.
5479	11870 SANTA MONICA BLVD.	W. Los Angeles, CA	El Pollo Loco, Inc.
5482	5740 IMPERIAL HIGHWAY	South Gate, CA	El Pollo Loco, Inc.
5487	17182 COLIMA ROAD	Hacienda Heights, CA	El Pollo Loco, Inc.
5491	12643 SHERMAN WAY	No. Hollywood, CA	El Pollo Loco, Inc.
5500	7211 WINNETKA AVENUE	Canoga Park, CA	El Pollo Loco, Inc.
5502	1934 W. OLYMPIC BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5509	2230 FOOTHILL BOULEVARD	La Canada, CA	El Pollo Loco, Inc.
5512	6568 VAN NUYS BOULEVARD	Van Nuys, CA	El Pollo Loco, Inc.
5531	11118 LONG BEACH BLVD.	Lynwood, CA	El Pollo Loco, Inc.
5532	5520 SANTA MONICA BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5534	3070 SAN FERNANDO ROAD	Los Angeles, CA	El Pollo Loco, Inc.
5541	235 SOUTH GLENDALE AVENUE	Glendale, CA	El Pollo Loco, Inc.
5544	1565 SEPULVEDA BLVD.	Torrance, CA	El Pollo Loco, Inc.
5550	1702 EAST 17TH STREET	Santa Ana, CA	El Pollo Loco, Inc.
5569	1341 HACIENDA BOULEVARD	La Puente, CA	El Pollo Loco, Inc.
5587	3487 MADISON	Riverside, CA	El Pollo Loco, Inc.
5592	9341 E. FIRESTONE BLVD.	Downey, CA	El Pollo Loco, Inc.
5615	12930 FOOTHILL BOULEVARD	San Fernando, CA	El Pollo Loco, Inc.
5620	18402 YORBA LINDA BLVD.	Yorba Linda, CA	El Pollo Loco, Inc.
5624	11941 S. EARLHAM STREET	Orange, CA	El Pollo Loco, Inc.
5630	426 NORTH LA BREA AVE.	Inglewood, CA	El Pollo Loco, Inc.

5634	9185 CENTRAL AVENUE	Montclair, CA	El Pollo Loco, Inc.
5636	9171 SIERRA AVENUE	Fontana, CA	El Pollo Loco, Inc.
5654	28901 WESTERN AVE., #201	Rancho Palos Verdes, CA	El Pollo Loco, Inc.
5661	5280 PHILADELPHIA STREET	Chino, CA	El Pollo Loco, Inc.
5677	1611 E. KATELLA AVENUE	Orange, CA	El Pollo Loco, Inc.
5737	8301 RESEDA BOULEVARD	Northridge, CA	El Pollo Loco, Inc.
5767	2500 E. IMPERIAL HWY, STE. 186	Brea, CA	El Pollo Loco, Inc.
5773	399 NORTH LAS POSAS	Camarillo, CA	El Pollo Loco, Inc.
5789	750 SOUTH GRAND AVENUE	Glendora, CA	El Pollo Loco, Inc.
5790	1210 WEST COLTON	Redlands, CA	El Pollo Loco, Inc.
5835	1150 WEST ALAMEDA AVE.	Burbank, CA	El Pollo Loco, Inc.
5842	1519 WEST CHAPMAN	Orange, CA	El Pollo Loco, Inc.
5861	13357 RIVERSIDE DRIVE	Sherman Oaks, CA	El Pollo Loco, Inc.
5896	10944-46 MAGNOLIA BLVD.	No. Hollywood, CA	El Pollo Loco, Inc.
5898	200 W. VINEYARD BOULEVARD	Oxnard, CA	El Pollo Loco, Inc.
5900	2904 SOUTH FIGUEROA	Los Angeles, CA	El Pollo Loco, Inc.
5901	111 EAST CARSON	Carson, CA	El Pollo Loco, Inc.
5902	5300 CENTINELA AVENUE	Los Angeles, CA	El Pollo Loco, Inc.
5904	15329 NORMANDIE AVENUE	Gardena, CA	El Pollo Loco, Inc.
5905	800 NORTH SEPULVEDA BLVD.	Manhattan Bch., CA	El Pollo Loco, Inc.
5906	986 SOUTH VERMONT	Los Angeles, CA	El Pollo Loco, Inc.
5907-B	11331 HAWTHORNE BLVD.1	Inglewood, CA	El Pollo Loco, Inc.
5908	1200 WEST MANCHESTER BLVD.	Inglewood, CA	El Pollo Loco, Inc.
5909	11624 EAST WASHINGTON	Whittier, CA	El Pollo Loco, Inc.
5910	3740 LA SIERRA AVENUE	Riverside, CA	El Pollo Loco, Inc.
5913	101 EAST COMPTON BOULEVARD	Compton, CA	El Pollo Loco, Inc.
5915	9522 SEPULVEDA BLVD.	North Hills, CA	El Pollo Loco, Inc.
5917	2528 W. COMMONWEALTH	Alhambra, CA	El Pollo Loco, Inc.
5918	2258 SO. ATLANTIC BLVD.	Monterey Park, CA	El Pollo Loco, Inc.
5919	5800 S. VERMONT	Los Angeles, CA	El Pollo Loco, Inc.
5922	521 N. FIRST STREET	Burbank, CA	El Pollo Loco, Inc.
5923	24805 PICO CANYON ROAD	Newhall, CA	El Pollo Loco, Inc.
5929	330 N. ALVARADO ST.	Los Angeles, CA	El Pollo Loco, Inc.
5934	17660 VENTURA BLVD.	Encino, CA	El Pollo Loco, Inc.
5935	22902 PACIFIC PARK DR.	Aliso Viejo, CA	El Pollo Loco, Inc.
5937	3290 W. SHAW	Fresno, CA	El Pollo Loco, Inc.
5938	17307 CRENSHAW BLVD.	Torrance, CA	El Pollo Loco, Inc.
5945	6411 N. SEPULVEDA BLVD, 2G	Van Nuys, CA	El Pollo Loco, Inc.
5948	1125 TRUMAN STREET, C2	San Fernando, CA	El Pollo Loco, Inc.
5955	1380 N. AVALON BLVD.	Wilmington, CA	El Pollo Loco, Inc.
5959	7327 SAN PEDRO AVENUE	San Antonio, TX	El Pollo Loco, Inc.
5969	631 LONG BEACH BLVD.	Long Beach, CA	El Pollo Loco, Inc.
5973	4005 S. DECATUR BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
5974	7205 S. EASTERN	Las Vegas, NV	El Pollo Loco, Inc.
5975	3350 W. VERNON AVE.	Los Angeles, CA	El Pollo Loco, Inc.
5976	24365 MAGIC MOUNTAIN PKWY.	Valencia, CA	El Pollo Loco, Inc.
5977	2221 EAST PALMDALE BLVD	Palmdale, CA	El Pollo Loco, Inc.
5978	26930 SIERRA HIGHWAY	Santa Clarita, CA	El Pollo Loco, Inc.
5979	3051 RANCHO VISTA BLVD.	Palmdale, CA	El Pollo Loco, Inc.

<sup>1</sup> Parking Lot – store owned

5982	1720 E. EDINGER AVE	Santa Ana, CA	El Pollo Loco, Inc.
5983	5319-51 SUNSET BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5984	1006 W. ARROW HIGHWAY <sup>2</sup>	San Dimas, CA	El Pollo Loco, Inc.
5985	2400 E. LAKE MEAD BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
5988	4405 AVALON BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
5990	2401 S. DECATUR BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
5993	2990 BRISTOL ST	Costa Mesa, CA	El Pollo Loco, Inc.
5994	9800 N. LAUREL CANYON BLVD	Pacoima, CA	El Pollo Loco, Inc.
6000	5160 E. OLYMPIC BLVD.	Los Angeles, CA	El Pollo Loco, Inc.
6002	9350 W. FM 471	San Antonio, TX	El Pollo Loco, Inc.
6003	2923 W. CRAIG RD.	Las Vegas (North), NV	El Pollo Loco, Inc.
6004	712 W. BEVERLY BLVD.	Montebello, CA	El Pollo Loco, Inc.
6005	8351 SUNLAND BLVD.	Sun Valley, CA	El Pollo Loco, Inc.
6006	1663 S. RIVERSIDE AVE.	Rialto, CA	El Pollo Loco, Inc.
6007	10585 S. EASTERN AVENUE	Henderson, NV	El Pollo Loco, Inc.
6008	67-740 HIGHWAY 111	Cathedral City, CA	El Pollo Loco, Inc.
6011	556 SHAW AVENUE	Clovis, CA	El Pollo Loco, Inc.
6012	2720 CANYON SPRINGS PARKWAY	Riverside, CA	El Pollo Loco, Inc.
6013	142 SOUTH 12TH AVE.	Hanford, CA	El Pollo Loco, Inc.
6014	18292 COLLIER	Lake Elsinore, CA	El Pollo Loco, Inc.
6016	1220 W. FOOTHILL BLVD.	Rialto, CA	El Pollo Loco, Inc.
6018	13850 GOLDEN WEST STREET	Westminster, CA	El Pollo Loco, Inc.
6019	2375 E. SAHARA	Las Vegas, NV	El Pollo Loco, Inc.
6020	16785 SIERRA LAKES PKWY.	Fontana, CA	El Pollo Loco, Inc.
6022	795 W. HERNDON AVENUE	Clovis, CA	El Pollo Loco, Inc.
6023	12821 MORENO BEACH DRIVE	Moreno Valley, CA	El Pollo Loco, Inc.
6024	440 E SILVERADO RANCH BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
6026	12401 FOOTHILL BLVD.	Rancho Cucamonga, CA	El Pollo Loco, Inc.
6027	31783 CASTAIC RD.	Castaic, CA	El Pollo Loco, Inc.
6028	21610 VALLEY BLVD	City Of Industry, CA	El Pollo Loco, Inc.
6029	4188 NORTH BLACKSTONE AVE.	Fresno, CA	El Pollo Loco, Inc.
6030	1180 EAST PHILADELPHIA	Ontario, CA	El Pollo Loco, Inc.
6031	34-620 MONTERREY AVENUE	Palm Desert, CA	El Pollo Loco, Inc.
6032	11928 GARVEY AVE.	El Monte, CA	El Pollo Loco, Inc.
6034	4954 WEST CENTURY BLVD.	Inglewood, CA	El Pollo Loco, Inc.
6036	1881 SOUTH SAN JACINTO AVENUE	San Jacinto, CA	El Pollo Loco, Inc.
6037	2312 S. AZUSA AVENUE	West Covina, CA	El Pollo Loco, Inc.
6041	1496 E. 2nd STREET MARKETPLACE	Beaumont, CA	El Pollo Loco, Inc.
6042	185 N. STEPHANIE AVENUE	Henderson, NV	El Pollo Loco, Inc.
6043	7096 N DURANGO	Las Vegas, NV	El Pollo Loco, Inc.
6047	690 E. HORIZON DRIVE <sup>3</sup>	Henderson, NV	El Pollo Loco, Inc.
6048	3655 RIVERSIDE PLAZA	Riverside, CA	El Pollo Loco, Inc.
6051	745 W. TELEGRAPH	Washington, UT	El Pollo Loco, Inc.
6053	7380 WEST CHEYENNE AVENUE	Las Vegas, NV	El Pollo Loco, Inc.
6054	2505 EAST TROPICANA AVENUE	Las Vegas, NV	El Pollo Loco, Inc.
6055	4011 E CHARLESTON BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
6061	38007 47th STREET	Palmdale, CA	El Pollo Loco, Inc.
6066	274 W. LAKE MEAD PKWY.	Henderson, NV	El Pollo Loco, Inc.

<sup>2</sup> EPL subleases from Yoshinoya

<sup>3</sup> Subleased to Starbucks

6070	775 BETHEL, STE. 1014	Sanger, CA	El Pollo Loco, Inc.
6073	13421 NEWPORT AVENUE	Tustin, CA	El Pollo Loco, Inc.
6076	15297 E. MISSISSIPPI AVENUE <sup>5</sup>	Aurora, CO	El Pollo Loco, Inc.
6080	6400 LANKERSHIM BLVD.	Hollywood, CA	El Pollo Loco, Inc.
6085	1865 E. 4TH ST.	Ontario, CA	El Pollo Loco, Inc.
6089	1098 N. STATE COLLEGE BLVD.	Anaheim, CA	El Pollo Loco, Inc.
6095	7310 SOUTH RAINBOW BLVD.	Las Vegas, NV	El Pollo Loco, Inc.
6096	501 N. PLACENTIA AVENUE	Fullerton, CA	El Pollo Loco, Inc.
6097	25371 ALICIA PKWY.	Laguna Hills, CA	El Pollo Loco, Inc.
6098	19300 HAWTHORNE BLVD.	Torrance, CA	El Pollo Loco, Inc.
6100	5260 S. FORT APACHE ROAD	Las Vegas, NV	El Pollo Loco, Inc.
9000	3535 HARBOR BLVD. SUITE 100	Costa Mesa, CA	El Pollo Loco, Inc.
9000W	3013-3015 SOUTH HARBOR BLVD. <sup>6</sup>	Santa Ana, CA	El Pollo Loco, Inc.

**Sub-Leased Locations**

<u>Unit</u>	<u>Address</u>	<u>City/State</u>	<u>Pertains to</u>
3287	2225 PLAZA PKWY	Modesto, CA	El Pollo Loco, Inc.
3290	2293 S VIRGINIA ST	Reno, NV	El Pollo Loco, Inc.
3300	4600 MACK RD	Sacramento, CA	El Pollo Loco, Inc.
3303	9431 SLAUSON AVE	Pico Rivera, CA	El Pollo Loco, Inc.
3305	14455 RAMONA BLVD	Baldwin Park, CA	El Pollo Loco, Inc.
3307	678 NORTH WILSON WY	Stockton, CA	El Pollo Loco, Inc.
3314	81901 HIGHWAY 111	Indio, CA	El Pollo Loco, Inc.
3323	1299 S WINCHESTER	San Jose, CA	El Pollo Loco, Inc.
3328	5415 EL CAJON BLVD	San Diego, CA	El Pollo Loco, Inc.
3335	666 H ST	Chula Vista, CA	El Pollo Loco, Inc.
3336	1004 MISSION BLVD	Oceanside, CA	El Pollo Loco, Inc.
3337	27375 JEFFERSON AVE	Temecula, CA	El Pollo Loco, Inc.
3350	6121 MISSION GORGER D	San Diego, CA	El Pollo Loco, Inc.
3370	1909 NORTH MAIN ST	Santa Ana, CA	El Pollo Loco, Inc.
3377	1535 PALM AVE	San Diego, CA	El Pollo Loco, Inc.
3409	1411 LINCOLN AVE	Venice, CA	El Pollo Loco, Inc.
3425	6752 RESEDA BLVD	Reseda, CA	El Pollo Loco, Inc.
3430	1710 HIGHLAND AVE	National City, CA	El Pollo Loco, Inc.
3453	120 N EUCLID	Fullerton, CA	El Pollo Loco, Inc.
3457	17240 SATICOY	Van Nuys, CA	El Pollo Loco, Inc.
3495	117 W NUEVO RD	Perris, CA	El Pollo Loco, Inc.
3675	2780-A TAPO CANYON	Simi Valley, CA	El Pollo Loco, Inc.
3745			
(formerly 3423)	7120 AVENIDA ENCINAS #104	Carlsbad, CA	El Pollo Loco, Inc.

4 Closed  
5 Subleased to Wendy's  
6 Storage Warehouse

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**Section 3.06(f)**

**Agreements and Orders Materially Affecting Use or Licensing of Intellectual Property**

None

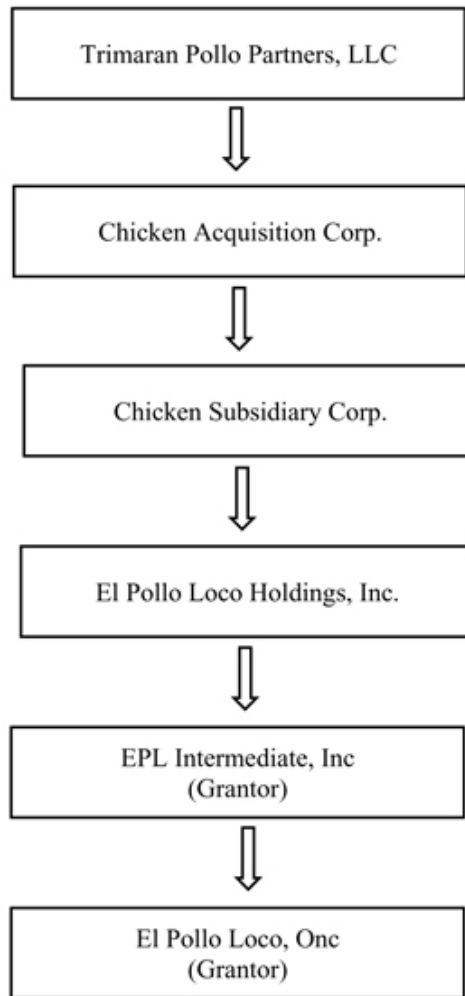
**Schedule 3.07(a)**

**Subsidiaries**

<u>Subsidiary</u>	<u>Parent</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>Total Shares Authorized</u>	<u>Par Value/Common Shares</u>
El Pollo Loco, Inc., a Delaware corporation	EPL Intermediate, Inc. a Delaware corporation	100	19,900	20,000	\$0.01 per share



Corporate Organizational Chart



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### Schedule 3.19 Insurance

See Attached.

In addition, EPL Intermediate, Inc. is a named insured on the following policies indicated on the attached-**Property, General Liability, Automobile, and Umbrella, and Franchisor's E&O.**

Coverage is also granted to EPL Intermediate, Inc. as a subsidiary of Chicken Acquisition Corp. on the following policies - **Crime, D&O/EPL/FID.**



# EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
09/20/2013

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME CONTACT PERSON AND ADDRESS	PHONE (A/C No. Ext): 212-338-2000	COMPANY NAME AND ADDRESS	NAIC NO.
Hub International Northeast Limited -NY 1065 Avenue of the Americas New York, NY 10018		Lexington Insurance Company	
FAX (A/C No.): 212-338-2100	E-MAIL ADDRESS: Paul.Hellaff@HubInternational.com	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
AGENCY CUSTOMER ID #: 102533	SUB CODE:	POLICY TYPE	
NAMED INSURED AND ADDRESS El Pollo Loco, Inc. 3535 Harbor Blvd Suite 100 Costa Mesa, CA 92626-1437		LOAN NUMBER	POLICY NUMBER 025032089
ADDITIONAL NAMED INSURED(S) El Pollo Loco, Inc.		EFFECTIVE DATE 01/31/2013	EXPIRATION DATE 01/31/2014
		CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:			

**PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required)**  BUILDING OR  BUSINESS PERSONAL PROPERTYLOCATION / DESCRIPTION  
All locations on file with the company

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITION OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION	PERILS INSURED	BASIC	BROAD	X	SPECIAL	
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE:	\$ 50,000,000					DED: 10,000
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE		X				IF YES, LIMIT: \$INCLUDED Actual Loss Sustained, # of months:
BLANKET COVERAGE		X				IF YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE		X				Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		X				
IS DOMESTIC TERRORISM EXCLUDED?		X				
LIMITED FUNGUS COVERAGE		X				IF YES, LIMIT: DED:
FUNGUS EXCLUSION (if "YES", specify organization's form used)		X				
REPLACEMENT COST		X				
AGREED VALUE		X				
COINSURANCE		X				IF YES, %
EQUIPMENT BREAKDOWN (if Applicable)		X				IF YES, LIMIT: \$Included DED: \$10,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg		X				IF YES, LIMIT: DED:
- Demolition Costs		X				IF YES, LIMIT: \$15,000,000 DED: \$10,000
- Incr. Cost of Construction		X				IF YES, LIMIT: \$15,000,000 DED: \$10,000
EARTH MOVEMENT (if Applicable) Annual Aggregate		X				IF YES, LIMIT: \$10,000,000 DED: \$100,000 MIN
FLOOD (if Applicable) Annual Aggregate		X				IF YES, LIMIT: \$5,000,000 DED: \$100,000 MIN
WIND / HAIL (if Subject to Different Provisions)		X				IF YES, LIMIT: \$Included DED: \$25,000
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS			X			

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

**ADDITIONAL INTEREST**

MORTGAGEE	CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE		
NAME AND ADDRESS		
EVIDENCE PURPOSES ONLY		
		AUTHORIZED REPRESENTATIVE

ACORD 28 (2011/11)  
DS87164584

Page 1 of 2

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THIS CERTIFICATE HAS BEEN ISSUED FOR EVIDENCE PURPOSES ONLY.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
09/20/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Hub International Northeast Limited - NY 1065 Avenue of the Americas New York NY 10018	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 212-338-2000      FAX (A/C, No): 212-338-2100 E-MAIL ADDRESS: Paul.Bellaff@HubInternational.com														
<b>INSURED</b> Cus#102533 El Pollo Loco, Inc. 3535 Harbor Blvd Suite 100 Costa Mesa, CA 92626-1437	<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 80%;">INSURER(S) AFFORDING COVERAGE</th> <th style="width: 20%;">NAIC #</th> </tr> <tr> <td>INSURER A: ACE American Insurance Company</td> <td style="text-align: right;">22667</td> </tr> <tr> <td>INSURER B: Continental Casualty Company</td> <td style="text-align: right;">20443</td> </tr> <tr> <td>INSURER C: Hartford Fire Insurance Company</td> <td style="text-align: right;">19682</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: ACE American Insurance Company	22667	INSURER B: Continental Casualty Company	20443	INSURER C: Hartford Fire Insurance Company	19682	INSURER D:		INSURER E:		INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: ACE American Insurance Company	22667														
INSURER B: Continental Casualty Company	20443														
INSURER C: Hartford Fire Insurance Company	19682														
INSURER D:															
INSURER E:															
INSURER F:															

COVERAGES      CERTIFICATE NUMBER:      REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	TYPE OF INSURANCE	ADDITIONAL SUBROGATION	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROD. SECT <input checked="" type="checkbox"/> LOC		PHIG24911366-005 SIR: \$35,000 SIR Agg: \$700,000	01/31/2013	01/31/2014	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$300,000 MED EXP (Any one person) \$0 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPOD AGG Policy Agg \$2,000,000 Policy Agg \$10,000,000
C	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIBRID AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		100ENKK5338  Comprehensive / Collision Deductible \$2,000 / \$2,000	01/31/2013	01/31/2014	COMBINED SINGLE LIMIT (EA OCCUR) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB CLAIMS-MADE DED    RETENTION \$		4012440475	01/31/2013	01/31/2014	EACH OCCURRENCE \$25,000,000 AGGREGATE \$25,000,000 \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	WLRC47127671  Deductible: \$250,000	11/01/2012	11/01/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
 THIS CERTIFICATE HAS BEEN ISSUED FOR EVIDENCE PURPOSES ONLY.

<b>CERTIFICATE HOLDER</b>  EVIDENCE PURPOSES ONLY	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE
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**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
**3535 Harbor Blvd - Suite 100**  
**Costa Mesa, CA 92626**

**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>COMMERCIAL PROPERTY</b>		1/31/2013	1/31/2014	Lexington Insurance Company	025032089	\$ 725,000 (Excludes All Taxes/Fees/Surcharges)
Occurrence Limit / Blanket Limit (See attached Schedule of Locations/Values)	\$ 50,000,000	TIV:	\$ 265,758,000			(Taxes/Fees/Surcharges: \$23.200)
<b>Sub-Limits:</b>						
Building, Improvements & Betterments, Signs	Included In Blanket					All Figures are as of Inception.
Business Personal Property / Contents	Included In Blanket					
Business Interruption / Extra Expense	Included In Blanket					
Extra Expense	\$ 10,000,000					
Accounts Receivable / Valuable Papers	\$ 3,000,000					
Backup of Sewers & Drains	\$ 5,000,000					
Building Ordinance/Demolition/Increased Cost of Construction	\$ 15,000,000		(Each Coverage B & C, A is Included with PD Limit)			
CA Earthquake (Per Occurrence / Annual Aggregate)	\$ 10,000,000					
Civil Authority (the lesser of 30 Days or )	\$ 5,000,000					
Contingent Business Interruption (Per Occurrence)	\$ 2,500,000					
Debris Removal (the lesser of 25% or)	\$ 2,500,000					
Earthquake (Per Occurrence / Annual Aggregate)	\$ 25,000,000		Excludes CA EQ			
Electronic Data Processing Equipment/Media	\$ 5,000,000					
Expediting Expense	\$ 5,000,000					
Extended Period of Indemnity	360 Days					
Fine Arts	\$ 250,000					
Flood (Per occurrence / Annual Aggregate)	\$ 25,000,000					
Flood (Per occurrence / Annual Aggregate) (ZONES A/V)	\$ 5,000,000					
Ingress/Egress (the lesser of 30 Days or)	\$ 5,000,000					
Miscellaneous Unnamed Locations	\$ 2,500,000					
Mold/Fungus Resultant Damage	\$ 250,000					
Newly Acquired Locations (Subject to Notification within 90 days)	\$ 5,000,000					
Offsite Storage Locations	\$ 500,000					
Ordinary Payroll	180 Days					
Property in the Course of Construction (Per Occurrence)	\$ 5,000,000		(\$100,000 Soft Costs)			
Property in Transit	\$ 1,000,000					
Service Interruption (Property & Time Element Per Occurrence)	\$ 5,000,000		(Limited to 1 miles from an insured premise)			
Unintentional Errors and Omissions	\$ 3,000,000					
<b>Equipment Breakdown Sublimits:</b>						
Equipment Breakdown	\$ 50,000,000					
Extra Expense	\$ 10,000,000					
Contingent Business Interruption (Per Occurrence)	\$ 5,000,000					
Building Ordinance/Demolition/Increased Cost of Construction	\$ 25,000,000		(Each Coverage B & C, A is Included with PD Limit)			
Service Interruption (Property & Time Element Per Occurrence)	\$ 5,000,000					
Electronic Data Processing Equipment / Media	\$ 2,500,000					
Spoilage	\$ 1,000,000					
Extended Period of Indemnity	365 Days					

(Note: This is not a complete list of sub-limits, please refer to the policy for further detail.)

(Continued on next page)

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<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
(Continued from previous page)						
Deductibles:						
Windstorm & Hail	\$ 25,000	(Tier 1 Counties- 5% of TIV / Min: \$250,000)				
Earthquake & EQ Sprinkler Leakage:						
CA Earthquake (Per Occurrence)	5% of the total values at the loss location, subject to minimum of \$100,000					
All Other States	\$ 25,000					
Flood:						
Special Flood Hazard Areas/ Areas of 100-year Flooding (Per Occ.)	5% of the total values at the loss location, subject to minimum of \$100,000					
All Other Flood Loss (Per occurrence)	\$ 50,000					
At Vacant Locations	\$ 75,000					
Equipment Breakdown: Spoilage	10% of the loss, subject to minimum of \$10,000					
All Other Perils	\$ 10,000					
Service Interruption (Waiting Period)	24 Hours					
<b>COMMERCIAL GENERAL LIABILITY</b>				Ace American Insurance Co. (ACE)	PMI G24911366-005	\$ 202,692
		1/31/2013	1/31/2014			
Policy Aggregate	\$10,000,000					
Products / Completed Operations Aggregate	\$ 2,000,000					
Each Occurrence	\$ 1,000,000					
Personal and Advertising Injury	\$ 1,000,000				Rate: \$.685/\$1,000 Sales	
Damages to premises Rented (Per Occurrence)	\$ 300,000				Exposure: \$295,929,000	
Medical Expenses	Excluded					
					(Premium to be adjusted at audit)	
					100% Minimum Earned Premium	
Self Insured Retention:						
Each Occurrence	\$ 35,000					
Personal and Advertising Injury	\$ 35,000					
Aggregate	\$ 700,000	Adjustable at a rate of \$2.604 / \$1,000 Sales				
Employee Benefits Liability:						
Each Claim	\$ 1,000,000					
Aggregate	\$ 2,000,000					
Retroactive Date	1/31/2003					
Deductible	\$ 35,000					

Note: TRIA is excluded

Note: Premiums do not include the Loss Deposit Fund, TPA Charges, Claims handling Charges, or Letter of Credit.

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<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>BUSINESS AUTOMOBILE</b>		1/31/2013	1/31/2014	Hartford Insurance Company	10UENKK5338	\$ 28,163

See Attached Schedule of Vehicles and Drivers

<b>COVERAGES:</b>						
Liability (Symbol 1)	\$ 1,000,000					Exposure: 12 Units at Inception
Personal Injury Protection [Symbol 5]	STATUTORY					
Added Personal Injury Protection [Symbol 5]	Not Available in States EPL Is In					
Medical Payment (Symbol 5)	\$ 10,000					
Uninsured Motorists (Symbol 2)	\$ 1,000,000					
Underinsured Motorist (Symbol 2)	\$ 1,000,000					
Hired Car Physical Damage	\$ 100,000					
Comprehensive Deductible	\$ 2,000					
Collision Deductible	\$ 2,000					
Rental Reimbursement	\$50 Day for 30 Days					
Drive Other Car Coverage	2 Named Drivers					
Full Glass Coverage	Included					

(Formerly B&M Section - Now Included with Property)

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<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>WORKERS' COMPENSATION</b>		11/1/2012	11/1/2013	Ace American Insurance Company (ACE)	WLR C47127671	\$ 504,214
(Includes All Taxes/Fees/Surcharges)						
<b>COVERAGES:</b>						
Part One - Workers Compensation (CA, NJ, NV, SC, TX, IL)	STATUTORY					
<b>Part Two - Employers Liability:</b>						
Bodily Injury by Accident (Each Accident)	\$ 1,000,000				Deposit Payroll: \$72,804,083	
Bodily Injury by Disease (Policy Limit)	\$ 1,000,000				G&A Rate: \$0.5919/\$100 Payroll	
Bodily Injury by Disease (Each Employee)	\$ 1,000,000				(Premium to be adjusted at audit)	
<b>DEDUCTIBLE:</b>						
Incident/Accident	\$ 250,000					
Aggregate	N/A					

Note: Premiums do not include the Loss Deposit Fund, TPA Charges, Claims handling Charges, or Letter of Credit.

<u>COMMERCIAL CRIME COVERAGE (PRIMARY)</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>COMMERCIAL CRIME COVERAGE (PRIMARY)</b>		11/1/2012	11/1/2013	Zurich American Insurance Company	MPL9804913-01	\$ 28,045
<b>COVERAGES:</b>						
Employee Theft Coverage	\$ 5,000,000					
Forgery/Alteration	\$ 5,000,000					
Transit Coverage	\$ 5,000,000					
On Premises	\$ 5,000,000					
Computer Fraud & Funds Transfer Fraud Coverage	\$ 5,000,000					
Investigative Expense	\$ 100,000					
DEDUCTIBLE (Per claim)	\$ 50,000					
(No Deductible for Employee Benefits Plan or Investigative Expense)						
<b>EXCESS COMMERCIAL CRIME COVERAGE</b>		11/1/2012	11/1/2013	Great American Insurance Company	SAA-314-79-98-01	\$ 10,544
<b>LIMITS:</b>						
Excess Limit	\$ 5,000,000					
Excess of	\$ 5,000,000		(Total: \$10,000,000)			

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**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
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**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>FRANCHISOR'S PROFESSIONAL LIABILITY</b>		11/1/2012	11/1/2013	National Union Fire Insurance Company (Chartis)	01-871-56-09	\$ 91,003
LIMITS:						
Each Wrongful Act	\$ 5,000,000					
Aggregate	\$ 5,000,000					
RETENTION (each wrongful act)	\$ 250,000					
RETROACTIVE DATE	8/21/2008					
(Formerly Employed Lawyers Coverage)						
(Formerly Excess Employed Lawyers Coverage)						
<b>TRADE NAME RESTORATION (FOOD BORNE ILLNESS)</b>		1/31/2013	1/31/2014	Certain Underwriters at Lloyd's of London	330030125298	\$ 128,042 (Excludes All Taxes/Fees/Surcharges)
Aggregate Limit of Indemnity for all Covered Locations	\$20,000,000					
Aggregate Extortion Payment	\$ 100,000					(Taxes/Fees/Surcharges: \$4,247)
Aggregate Supplier Supplier Incident Sub-Limit	\$ 5,000,000					
Incident Response Events	25% of the limit of indemnity for such events					
Inoculation Expense	\$ 250,000					Rate: \$694 /Covered Location + \$50 / Franchise
Workplace Violence Events	\$ 150,000					Exposure: 168 Covered Locations; 229 Franchises
Deductible	\$ 5,000			<u>Workplace Violence Events ONLY</u>		ALL FIGURES ARE AS OF INCEPTION

“NOTE: THIS SCHEDULE IS INTENDED TO BE A SUMMARY ONLY: FOR FULL COVERAGE, TERMS, CONDITIONS, AND EXCLUSIONS, REFERENCE SHOULD BE MADE TO THE ACTUAL POLICIES.” Page 5 of 7

**SCHEDULE OF YOUR CURRENT INSURANCE**



**El Pollo Loco, Inc. (Chicken Acquisition Corp.)**  
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**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>COMMERCIAL UMBRELLA LIABILITY (PRIMARY)</b>		1/31/2013	1/31/2014	Continental Casualty Company (CNA)	4012440475 (Excludes All Taxes/Fees/Surcharges)	\$ 53,000
<b>LIMITS:</b>						
Each Occurrence	\$25,000,000					
General Aggregate	\$25,000,000					
<b>SELF-INSURED RETENTION:</b>						
Each Occurrence	\$ 10,000					
<b>EXCESS COMMERCIAL UMBRELLA LIABILITY</b>		1/31/2013	1/31/2014	American Guarantee & Liability Ins Co (Zurich)	AEC-5347577-05	\$ 25,250
<b>LIMITS:</b>						
Each Occurrence	\$25,000,000					
Aggregate	\$25,000,000					
Part of (occurrence/aggregate)	\$50,000,000					
Excess of	\$25,000,000					
<b>EXCESS COMMERCIAL UMBRELLA LIABILITY</b>		1/31/2013	1/31/2014	National Surety Corp. (Fireman's Fund)	SHX-000-5781-3578	\$ 25,000
<b>LIMITS:</b>						
Each Occurrence	\$25,000,000					
Aggregate	\$25,000,000					
Part of (occurrence/aggregate)	\$50,000,000					
Excess of	\$25,000,000					
<b>DIRECTORS &amp; OFFICERS LIABILITY (EPL CHARITIES)</b>		11/1/2012	11/1/2013	Philadelphia Indemnity Insurance Company	PHSD788594	\$ 1,154
<b>LIMITS:</b>						
Aggregate	\$ 1,000,000					
<b>RETENTION:</b>						
Judgements, Settlements and Defense Costs						
All Claims	\$ 2,500					

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**As of: September 19, 2013**

<u>COVERAGES</u>	<u>LIMITS</u>	<u>INCEPTION DATE</u>	<u>EXPIRATION DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NO.</u>	<u>BILLED PREMIUM</u>
<b>EXECUTIVE PACKAGE (D&amp;O/EPL/FIDUCIARY)</b>		11/1/2012	11/1/2013	National Union Fire Insurance Company (Chartis)	01-416-60-14	\$ 155,825 (Excludes All Taxes/Fees/Surcharges)
<b>LIMITS:</b>						
Aggregate for all Loss Combined (Including Defense Costs)	\$ 18,000,000					
Directors & Officers Liability (Primary)	\$ 10,000,000	(Investigative Coverage Sublimit: \$150,000. Crisis Management Fund: \$25,000)				
Side A Excess	\$ 500,000					
Employment Practices Liability	\$ 5,000,000					
Fiduciary / Pension Trust Liability	\$ 3,000,000	(Voluntary Compliance Loss Sublimit & HIPPA Penalties Sublimit: \$25,000)				
<b>RETENTION:</b>						
D&O - All Claims (Including private placements)	\$ 150,000					
EPL - All Claims (Company & Indemnifiable Losses)	\$ 150,000					
FID - All Claims	\$ 10,000					
<b>CONTINUITY DATE</b>	11/18/2005					
<b>EXCESS DIRECTORS &amp; OFFICERS LIABILITY (SIDE-A MAX)</b>		11/1/2012	11/1/2013	XL Specialty Insurance Company (XL)	ELU119451-12	\$ 30,000
<b>LIMITS:</b>						
Aggregate	\$ 5,000,000					
Total Underlying	\$ 10,000,000	(Note the underlying can be exhausted by D&O claims that are not Side-A)				
<b>P &amp; P DATE</b>	11/18/2005					

(Formerly D/C Section - Now Included with Property)

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**Schedule 3.20(c)**

**Offices for Filing Mortgages**

Filing Office

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Official Records of Orange County, CA

Official Records of Los Angeles County, CA

Schedule 3.23

Bank Accounts; Deposit Accounts; Investment Accounts

Securities Account

None.

Deposit Accounts

<u>Accountholder</u>	<u>Institution</u>	<u>Location</u>	<u>Acct#</u>	<u>Type</u>
EP L Intermediate, Inc.	Wells Fargo	Carlsbad, CA	4121926612	Master
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121926588	Master
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121926596	Depository
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121935811	EBT Depository
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121932883	Payroll
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121932891	AP
El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	4121931125	ACH Royalty Fee Funding

Debt Securities & Investments

El Pollo Loco, Inc.	Wells Fargo	Carlsbad, CA	28184315	Investment
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**Schedule 4.01(g)(ii)**

**Local Counsel (other than with respect to Mortgaged Properties)**

None.

Schedule 5.13(a)

Title Insurance Amounts

Unit	Address	City/State	FairMarket Value
5442	2501 E. Slauson Ave.	Huntington Park, CA	\$1,827,237
5903	2525 Long Beach Blvd.	Long Beach, CA	\$1,980,385
5907	11331 Hawthorne Blvd.	Inglewood, CA	\$1,651,294
5912	8245 E. Santa Ana Canyon	Anaheim Hills, CA	\$1,564,620
5914	12800 Avalon Blvd.	Los Angeles, CA	\$1,897,103
5972	101 East Manchester	Los Angeles, CA	\$1,961,929



Schedule 6.01(b)

Existing Indebtedness

Capital Leases

<u>Unit #</u>	<u>Location</u>	<u>Balance</u>
5378	South Gate, CA	\$ 60,027
5397	Pomona, CA	\$ 78,977
5835	Burbano, CA	\$ 227,014
5937	Fresno, CA	\$ 310,617
5948	San Fernando, CA	\$ 206,654
6008	Cathedral City, CA	\$ 41,174
3287	Modesto, CA	\$ 92,647
3425	Reseda, CA	\$ 177,227
	Totals	<u>\$1,194,337</u>

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**Schedule 6.02(c)**

**Existing Liens**

Liens with respect to that certain account held by Bank of America, N.A. with account number 12334-63891 for the sole purpose of cash collateralizing outstanding obligations of the Loan Parties to the Bank of America, N.A. with respect to our corporate credit cards; provided that the amount of cash collateral will not at any time exceed \$131,250.00.

Liens on leased equipment pursuant to lease agreements with Canon Financial Services, Inc.

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**Schedule 6.04(b)**

**Existing Investments**

None.

[Form of]  
**ASSIGNMENT AND ACCEPTANCE**

Reference is made to the Second Lien Credit Agreement (the "Credit Agreement") dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Secured Parties (in such capacity, the "Collateral Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

1. (the "Assignor") hereby irrevocably sells and assigns, without recourse, to the (the "Assignee"), and the Assignee hereby irrevocably purchases and assumes, from the Assignor, without recourse to the Assignor, effective as of the Effective Date set forth below (but not prior to the registration of the information contained herein in the Register pursuant to Section 11.04(d) of the Credit Agreement), the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement and the other Loan Documents, including, without limitation, Term Loan Commitment and Term Loans. From and after the Effective Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the Loan Documents and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents.

2. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned hereby free and clear of any lien, encumbrance or other adverse claim created by the Assignor and that its Commitments, and the outstanding balances of its Loans, without giving effect to assignments thereof which have not become effective, are as set forth in this Assignment and Acceptance and (ii) it has all necessary power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) except as set forth in (a) above, the Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, or the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto.

3. The Assignee (a) represents and warrants that (i) it is legally authorized to enter into this Assignment and Acceptance; (ii) it has all necessary power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and become a Lender under the Credit Agreement and the other Loan Documents; and (iii) is an Eligible Assignee; (b) confirms that it has received a copy of the Credit Agreement, the other Loan Documents and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Agents or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agents to take such action as agents on its behalf and to exercise such powers and discretion under the Credit Agreement and the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agents by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and the other Loan Documents and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement and the other Loan Documents are required to be performed by it as a Lender.

Form of Assignment and Acceptance

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the “**Effective Date**”). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by it and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, in its sole discretion, be earlier than three Business Days after the date of such acceptance and recording by the Administrative Agent). This Assignment and Acceptance will be delivered to the Administrative Agent together with (a) if the Assignee is a Foreign Lender, the forms specified in Section 2.15(e) of the Credit Agreement, duly completed and executed by such Assignee; (b) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire, and (c) a processing and recordation fee of \$[—], if required under Section 11.04(b)(iii) of the Credit Agreement.

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) [to the Assignor for amounts which have accrued to the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date] [to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.]

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Loan Documents (and any Specified Hedging Agreement, if applicable) and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

Form of Assignment and Acceptance

SCHEDULE 1

to

Assignment and Acceptance

Effective Date of Assignment: \_\_\_\_\_

Legal Name of Assignor: \_\_\_\_\_

Legal Name of Assignee: \_\_\_\_\_

Assignee's Address for Notices: \_\_\_\_\_

Percentage Assigned of Applicable Loan/Commitment:

<u>Loan/Commitment</u>	<u>Principal Amount Assigned</u>	<u>Percentage Assigned of applicable Loan/Commitment (set forth, to at least 15 decimals, as a percentage of the Loans and the aggregate Commitments of all Lenders thereunder)</u>
Term Loans	\$	%

[Signature Page Follows]

Form of Assignment and Acceptance

The terms set forth above are hereby agreed to:

\_\_\_\_\_
as Assignor

By: \_\_\_\_\_
Name:
Title:

\_\_\_\_\_
as Assignee

By: \_\_\_\_\_
Name:
Title:

Accepted:\*

JEFFERIES FINANCE LLC,
as Administrative Agent

By: \_\_\_\_\_
Name:
Title:

EL POLLO LOCO, INC.

By: \_\_\_\_\_
Name:
Title:

\* To be completed to the extent consent of Borrower and/or the Administrative Agent is required under Section 11.04(b) of the Credit Agreement.

[Form of]  
**BORROWING REQUEST**

Jefferies Finance LLC,  
as Administrative Agent for  
the Lenders referred to below  
520 Madison Avenue  
New York, New York 10022  
Attention: Account Manager – El Pollo Loco (Second Lien)  
Facsimile: (212) 284-3444

Re: El Pollo Loco, Inc.

[Date]

Ladies and Gentlemen:

Reference is made to the Second Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement. Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and that in connection therewith sets forth below the terms on which such Borrowing is requested to be made:

Form of Borrowing Request



(A) Class of Borrowing: Term Borrowing  
(B) Principal amount of Borrowing:<sup>1</sup> \_\_\_\_\_  
(C) Date of Borrowing (which is a Business Day): \_\_\_\_\_  
(D) Type of Borrowing: [ABR Borrowing] [Eurodollar Borrowing]  
(E) Interest Period and the last day thereof:<sup>2</sup> \_\_\_\_\_  
(F) Funds are requested to be disbursed to Borrower's (or, if applicable, Loan Party's) account with: \_\_\_\_\_  
Account No. \_\_\_\_\_

Borrower hereby represents and warrants that the conditions to lending specified in Sections 4.02(b)-(c) of the Credit Agreement are satisfied as of the proposed date of Borrowing (specified above).

*[Signature Page Follows]*

<sup>1</sup> See Section 2.02(a) or Section 2.18 of the Credit Agreement for minimum borrowing amounts.  
<sup>2</sup> To be inserted if a Eurodollar Borrowing and shall be subject to the definition of "Interest Period" in the Credit Agreement.

By: \_\_\_\_\_  
Name:  
Title:

Form of Borrowing Request

[Form of]  
**COMPLIANCE CERTIFICATE**

This compliance certificate (this “**Certificate**”) is delivered to you pursuant to Section 5.01(d) of the Second Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

1. I am the duly elected, qualified and acting [*specify type of Financial Officer*] of Borrower.

2. I have reviewed and am familiar with the contents of this Certificate.

3. Attached hereto as Attachment 1 are the financial statements for the fiscal [quarter][year] ended [ ] (the “**Financial Statements**”). I have no knowledge of the existence, as of the date of this Certificate, of any condition or event which constitutes a Default or Event of Default[, except as set forth below].

4. Attached hereto as Attachment 2 are the computations showing compliance with the covenants set forth in Section 6.10 of the Credit Agreement.

[5. Attached hereto as Attachment 3 are the computations showing Borrower’s calculation of “Excess Cash Flow.”]<sup>1</sup>

IN WITNESS WHEREOF, I execute this Certificate this     day of     , 20     .

By: \_\_\_\_\_

Name:

Title: [Financial Officer]

<sup>1</sup> To be inserted only in connection with the delivery of annual financial statements pursuant to Section 5.01(a) of the Credit Agreement.



ATTACHMENT 2

TO

COMPLIANCE CERTIFICATE

*[Set forth calculation of financial covenants]*

Form of Compliance Certificate

C-3

ATTACHMENT 3

TO

COMPLIANCE CERTIFICATE<sup>2</sup>

*[Set forth calculation of Excess Cash Flow]*

<sup>2</sup> To be inserted only in connection with the delivery of annual financial statements pursuant to Section 5.01(a) of the Credit Agreement.

Form of Compliance Certificate

[Form of]  
**INTERCOMPANY NOTE**

INTERCOMPANY SUBORDINATED DEMAND PROMISSORY NOTE

Note Number:

Dated: , 20

FOR VALUE RECEIVED, Parent (as defined below), and each of its Subsidiaries (collectively, the “**Group Members**” and each, a “**Group Member**”) which is a party to this intercompany subordinated demand promissory note (this “**Promissory Note**”) as a Payor (as defined below) promises to pay to the order of such other Group Member that makes loans to such Group Member (each Group Member which borrows money pursuant to this Promissory Note is referred to herein as a “**Payor**” and each Group Member which makes loans and advances pursuant to this Promissory Note is referred to herein as a “**Payee**”), on demand, in lawful money of the United States of America, in immediately available funds and at the appropriate office of the Payee, the aggregate unpaid principal amount of all loans and advances heretofore and hereafter made by such Payee to such Payor and any other indebtedness now or hereafter owing by such Payor to such Payee as shown either on Schedule A attached hereto (and any continuation thereof) or in the books and records of such Payee. The failure to show any such indebtedness or any error in showing such Indebtedness shall not affect the obligations of any Payor hereunder. Unless otherwise defined herein, terms defined in the Credit Agreement (hereinafter defined) and used herein shall have the meanings given to them in the Second Lien Credit Agreement (the “**Credit Agreement**”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), EPL Intermediate, Inc., a Delaware corporation (“**Parent**”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”), as collateral agent for the Secured Parties (in such capacity, the “**Collateral Agent**”).

The unpaid principal amount hereof from time to time outstanding shall bear interest at a rate equal to the rate as may be agreed upon in writing from time to time by the relevant Payor and Payee. Each Payor and any endorser of this Promissory Note hereby waives (to the extent permitted by applicable law) presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note has been pledged by each Payee that is a Loan Party to the Second Lien Collateral Agent, for the benefit of the Secured Parties under the Second Lien Credit Agreement, as security for such Payee’s Obligations under the Credit Agreement and Specified Hedging Agreement Obligations, the Security Agreements, the other Loan Documents and any Specified Hedging Agreement to which such Payee is a party. Each Payor acknowledges and agrees that, upon the occurrence and during the continuation of an Event of Default under the Credit Agreement, the Collateral Agent may, from time to time, exercise all the rights and remedies of the Payees that are Loan Parties under this Promissory Note in accordance with the terms and conditions of the Intercreditor Agreement, the Credit Agreement, the Security Agreements and the other Loan Documents and such exercise of rights and remedies will not be subject to any abatement, reduction, recoupment, defense (other than indefeasible payment in full in cash), setoff or counterclaim available to such Payor.

Each Payee agrees that any and all claims of such Payee against any Payor that is a Loan Party or any endorser of the obligations of any Payor that is a Loan Party under this Promissory Note, or against any of their respective properties, shall be subordinate and subject in right of payment to the Obligations under the Credit Agreement and Specified Hedging Agreement Obligations until all of such Obligations (other than unasserted contingent indemnification obligations) and the Specified Hedging Agreement Obligations (other than unasserted contingent indemnification obligations) have been performed and indefeasibly paid in full in immediately available funds, no Letters of Credit are outstanding (unless Cash Collateralized), the Commitments under the Credit Agreement have been terminated and the Specified Hedging Agreements have been terminated; *provided*, that each Payor may make payments to the

Form of Intercompany Note

applicable Payee so long as no Event of Default under the Credit Agreement shall have occurred and be continuing; and *provided further*, that upon the waiver, remedy or cure of each such Event of Default, so long as no other Event of Default under the Credit Agreement shall have occurred and be then continuing, such payments shall be permitted, including any payment to bring any missed payments during the period of such Event of Default, current. Notwithstanding any right of any Payee to ask, demand, sue for, take or receive any payment from any Payor, all rights, Liens and security interests of such Payee, whether now or hereafter arising and howsoever existing, in any assets of any Payor that is a Loan Party (whether constituting part of the security or collateral given to the Collateral Agents or any Secured Party under the Credit Agreement to secure payment of all or any part of the Obligations under the Credit Agreement, the Specified Hedging Agreement Obligations or otherwise) shall be and hereby are subordinated to the rights of the Collateral Agents or any Secured Party under the Credit Agreement in such assets. Except as expressly permitted by the Credit Agreement, the other Loan Documents and any Specified Hedging Agreement, the Payees shall have no right to possession of any such asset or to foreclose upon, or exercise any other remedy in respect of, any such asset, whether by judicial action or otherwise, unless and until all of the Obligations under the Credit Agreement (other than unasserted contingent indemnification obligations) and the Specified Hedging Agreement Obligations (other than unasserted contingent indemnification obligations) shall have been performed and indefeasibly paid in full in immediately available funds, no Letters of Credit are outstanding (unless Cash Collateralized), the Commitments under the Credit Agreement have been terminated and the Specified Hedging Agreements have been terminated.

**This Promissory Note shall be binding upon each Payor and its successors and assigns, and the terms and provisions of this Promissory Note shall inure to the benefit of each Payee and their respective successors and assigns, including subsequent holders hereof. Notwithstanding anything to the contrary contained herein, in any other Loan Document or in any other promissory note or other instrument, this Promissory Note (i) replaces and supersedes any and all promissory notes or other instruments which create or evidence any loans or advances made on or before the date hereof by any Payee to any other Group Member, and (ii) shall not be deemed replaced, superseded or in any way modified by any promissory note or other instrument entered into on or after the date hereof which purports to create or evidence any loan or advance by any Payee to any other Group Member (except any amendments or amendments and restatements of this Promissory Note made in accordance with the terms of the Credit Agreement or any supplements to Schedule A hereto made hereby in accordance with the terms hereof).**

**THIS PROMISSORY NOTE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS PROMISSORY NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

The terms and provisions of this Promissory Note are severable, and if any term or provision shall be determined to be superseded, illegal, invalid or otherwise unenforceable in whole or in part pursuant to applicable Legal Requirements by a Governmental Authority having jurisdiction, such determination shall not in any manner impair or otherwise affect the validity, legality or enforceability of that term or Form of Intercompany Note provision in any other jurisdiction or any of the remaining terms and provisions of this Promissory Note in any jurisdiction.

From time to time after the date hereof, additional Subsidiaries of Parent may become parties hereto (as Payor and/or Payee, as the case may be) by executing a counterpart signature page to this Promissory Note (each additional Subsidiary, an “**Additional Party**”). Upon delivery of such counterpart signature page to the Payees, notice of which is hereby waived by the other Payors, each Additional Party shall be a Payor and/or a Payee, as the case may be, and shall be as fully a party hereto as if such Additional Party were an original signatory hereof. Each Payor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Payor or Payee hereunder. This Promissory Note shall be fully effective as to any Payor or Payee that is or becomes a party hereto regardless of whether any other person becomes or fails to become or ceases to be a Payor or Payee hereunder.

Form of Intercompany Note



This Promissory Note may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Promissory Note by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Promissory Note.

*[Signature Page Follows]*

Form of Intercompany Note

IN WITNESS WHEREOF, each Payor and Payee has caused this Intercompany Subordinated Demand Promissory Note to be executed and delivered by its proper and duly authorized officer as of the date set forth above.

**[PAYEE/PAYOR]**

By: \_\_\_\_\_  
Name:  
Title:

Form of Intercompany Note

**SCHEDULE A  
TRANSACTIONS  
ON  
INTERCOMPANY DEMAND PROMISSORY NOTE**

<u>Date</u>	<u>Name of Payor</u>	<u>Name of Payee</u>	<u>Amount of Advance This Date</u>	<u>Amount of Principal Paid This Date</u>	<u>Outstanding Principal Balance from Payor to Payee This Date</u>	<u>Notation Made By</u>

Form of Intercompany Note

**ENDORSEMENT**

FOR VALUE RECEIVED, each of the undersigned does hereby sell, assign and transfer to \_\_\_\_\_ all of its right, title and interest in and to the Intercompany Subordinated Demand Promissory Note, dated October 11, 2013 (as amended, supplemented, replaced or otherwise modified from time to time, the "**Promissory Note**"), made by Parent and each Subsidiary thereof or any other person that becomes a party thereto, and payable to the undersigned. This endorsement is intended to be attached to the Promissory Note and, when so attached, shall constitute an endorsement thereof.

The initial undersigned shall be the Group Members (as defined in the Promissory Note) that are Loan Parties on the date of the Promissory Note. From time to time after the date thereof, additional Subsidiaries of the Group Members shall become parties to the Promissory Note (each, an "**Additional Payee**") and, if such Subsidiaries are or will become Loan Parties, a signatory to this endorsement by executing a counterpart signature page to the Promissory Note and to this endorsement. Upon delivery of such counterpart signature page to the Payors, notice of which is hereby waived by the other Payees, each Additional Payee shall be a Payee and shall be as fully a Payee under the Promissory Note and a signatory to this endorsement as if such Additional Payee were an original Payee under the Promissory Note and an original signatory hereof. Each Payee expressly agrees that its obligations arising under the Promissory Note and hereunder shall not be affected or diminished by the addition or release of any other Payee under the Promissory Note or hereunder. This endorsement shall be fully effective as to any Payee that is or becomes a signatory hereto regardless of whether any other person becomes or fails to become or ceases to be a Payee under the Promissory Note or hereunder.

Dated: \_\_\_\_\_

[PAYEE], as a Payee

By: \_\_\_\_\_

Name:

Title:

Form of Intercompany Note

[Form of]  
**INTEREST ELECTION REQUEST**

[Date]

Jefferies Finance LLC,  
 as Administrative Agent for  
 the Lenders referred to below  
 520 Madison Avenue  
 New York, New York 10022  
 Attention: Account Manager – El Pollo Loco (Second Lien)  
 Telecopy: (212) 284-3444

Re: El Pollo Loco, Inc. Ladies and Gentlemen:

Pursuant to Section 2.08 of the Second Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”), Borrower hereby gives the Administrative Agent notice that Borrower hereby requests:

**[Option A - Conversion of Eurodollar Borrowings to ABR Borrowings:** to convert \$ \_\_\_\_\_ in principal amount of presently outstanding Eurodollar Borrowings with a final Interest Payment Date of \_\_\_\_\_, to ABR Borrowings on \_\_\_\_\_ (which is a Business Day).]

**[Option B - Conversion of ABR Borrowings to Eurodollar Borrowings:** to convert \$ \_\_\_\_\_ in principal amount of presently outstanding ABR Borrowings to Eurodollar Borrowings on \_\_\_\_\_ (which is a Business Day). The Interest Period for such Eurodollar Borrowings is \_\_\_\_\_ month[s].]

**[Option C - Continuation of Eurodollar Borrowings as Eurodollar Borrowings:** to continue as Eurodollar Borrowings \$ \_\_\_\_\_ in presently outstanding Eurodollar Borrowings with a final Interest Payment Date of \_\_\_\_\_ (which is a Business Day). The Interest Period for such Eurodollar Borrowings is \_\_\_\_\_ month[s].]

Form of Interest Election Request

---

Very truly yours,

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_

Name:

Title

Form of Interest Election Request

[RESERVED]

[Reserved]

G-1



**[FORM OF]  
FEE MORTGAGE**

Attached

H-1

[Form of]  
NOTE

\${     }]

New York, New York  
[     ]

FOR VALUE RECEIVED, the undersigned, El Pollo Loco, Inc., a Delaware corporation (“**Borrower**”), hereby promises to pay to the order of [     ] or its registered assigns (the “**Lender**”) on the Term Loan Maturity Date (as defined in the Credit Agreement referred to below) in lawful money of the United States and in immediately available funds, the principal amount of [     ] DOLLARS or, if less, the aggregate unpaid principal amount of all Term Loans of the Lender outstanding under the Credit Agreement referred to below, which sum shall be due and payable in such amounts and on such dates as are set forth in the Credit Agreement. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time at the rates, and on the dates, specified in Section 2.06 of the Credit Agreement. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein.

The holder of this Note may endorse and attach a schedule to reflect the date, Type and amount of each Term Loan of the Lender outstanding under the Credit Agreement, the date and amount of each payment or prepayment of principal hereof, and the date of each interest rate conversion or continuation pursuant to Section 2.08 of the Credit Agreement and the principal amount subject thereto; *provided* that the failure of the Lender to make any such recordation (or any error in such recordation) shall not affect the obligations of Borrower hereunder or under the Credit Agreement.

This Note is one of the Notes referred to in the Second Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”). This Note is subject to the provisions thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein.

This Note is secured and guaranteed as provided in the Credit Agreement and the Security Documents. Reference is hereby made to the Credit Agreement and the Security Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and guarantees, the terms and conditions upon which the security interest and each guarantee was granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence and during the continuation of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive (to the extent permitted by applicable law) presentment, demand, protest and all other notices of any kind.

**THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE CREDIT AGREEMENT. TRANSFERS OF THIS NOTE MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT.**

Form of Note

**THIS THIS NOTE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

**EL POLLO LOCO, INC.,**

as Borrower

By: \_\_\_\_\_

Name:

Title:

Form of Note

[Form of]  
**PERFECTION CERTIFICATE**

In connection with a proposed transaction by and among El Pollo Loco, Inc., a Delaware corporation (“El Pollo”), EPL Intermediate, Inc., a Delaware corporation (“Intermediate”), and any other grantor identified below (together with El Pollo and Intermediate, the “Grantors”), certain financial institutions (the “Lenders”) and Jefferies Finance LLC, as administrative agent and collateral agent for the Lenders (in such capacities, the “Agent”), each Grantor hereby certifies as follows:

**I. CURRENT INFORMATION**

**A. Legal Names, Organizations, Jurisdictions of Organization and Organizational Identification Numbers.** The full and exact legal name (as it appears in each respective certificate or articles of incorporation, limited liability membership agreement or similar organizational documents, in each case as amended to date), the type of organization (or if a particular Grantor is an individual, please indicate so), the jurisdiction of organization (or formation, as applicable), and the organizational identification number (not Federal Taxpayer Identification Number) of each Grantor are as follows:

<u>Names of Grantor</u>	<u>Type of Organization (e.g. corporation, limited liability company, limited partnership)</u>	<u>Jurisdiction of Organization/ Formation</u>	<u>Organizational Identification Number</u>
-------------------------	--------------------------------------------------------------------------------------------------------	----------------------------------------------------	-------------------------------------------------

**B. Chief Executive Offices and Mailing Addresses.** The chief executive office address (or the principal residence if a particular Grantor is a natural person) and the preferred mailing address (if different than chief executive office or residence) of each Grantor are as follows:

<u>Names of Grantor</u>	<u>Address of Chief Executive Office (or for natural persons, residence)</u>	<u>Mailing Address (if different than CEO or residence)</u>
-------------------------	----------------------------------------------------------------------------------	-----------------------------------------------------------------

**C. Special Grantors.** Except as specifically identified below none of the Grantors is a: (i) transmitting utility (as defined in Section 9-102(a)(80)), (ii) primarily engaged in farming operations (as defined in Section 9-102(a)(35)), (iii) a trust, (iv) a foreign air carrier within the meaning of the federal aviation act of 1958, as amended or (v) a branch or agency of a bank which bank is not organized under the law of the United States or any state thereof.

<u>Name of Grantor</u>	<u>Type of Special Grantor</u>
------------------------	--------------------------------

**D. Trade Names/Assumed Names.**

*Current Trade Names.* Set forth below is each trade name or assumed name currently used by any Grantor or by which any Grantor is known or is transacting any business:

<u>Name of Grantor</u>	<u>Assumed Name</u>
------------------------	---------------------

**E. Changes in Names, Jurisdiction of Organization or Corporate Structure.**

Except as set forth below, no Grantor has changed its name, jurisdiction of organization or its corporate structure in any way (e.g. by merger, consolidation, change in corporate form, change in jurisdiction of organization or otherwise) in the past five (5) years:

<u>Grantor</u>	<u>Date of Change</u>	<u>Description of Change</u>
----------------	-----------------------	------------------------------

**F. Prior Addresses.**

Except as set forth below, no Grantor has changed its chief executive office, or principal residence if a particular Grantor is a natural person in the past five (5) years:

<u>Grantor</u>	<u>Prior Address/City/State/Zip Code</u>
----------------	------------------------------------------

**G. Acquisitions of Equity Interests or Assets.**

Except as set forth below, no Grantor has acquired the equity interests of another entity or substantially all the assets of another entity in the past five (5) years:

<u>Grantor</u>	<u>Date of Acquisition</u>	<u>Description of Acquisition</u>
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**H. Corporate Ownership and Organizational Structure.**

Attached as Exhibit A hereto is a true and correct chart showing the ownership relationship of each Grantor and all of its affiliates.

**II. INFORMATION REGARDING CERTAIN COLLATERAL**

**A. Investment Related Property**

**1. Equity Interests.** Set forth below is a list of all equity interests owned by each Grantor together with the type of organization which issued such equity interests (e.g. corporation, limited liability company, partnership or trust):

<u>Issuer</u>	<u>Grantor</u>	<u>Type of Organization</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>% of Interest Pledged</u>	<u>Certificate No. (if uncertificated, please indicate so)</u>	<u>Par Value</u>
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**2. Securities Accounts.** Set forth below is a list of all securities accounts in which any Grantor customarily maintains securities or other assets having an aggregate value in excess of \$10,000:

<u>Account Holder</u>	<u>Institution</u>	<u>Account Number</u>	<u>Type</u>
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**3. Deposit Accounts.** Set forth below is a list of all bank accounts (checking, savings, money market or the like) for each Grantor:

<u>Account Holder</u>	<u>Institution</u>	<u>Account Number</u>	<u>Type</u>
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**4. Debt Securities & Instruments.** Set forth below is a list of all debt securities and instruments owed to any Grantor in the principal amount of greater than \$10,000:

<u>Grantor</u>	<u>Issuer of Instrument</u>	<u>Principal Amount of Instrument</u>	<u>Maturity Date</u>
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None.

**B. Intellectual Property.** Set forth below is a list of all copyrights, patents, and trademark,

all applications and licenses thereof and other intellectual property owned or used, or hereafter adopted, held or used, by each Grantor:

**1. Copyrights, Copyright Applications and Copyright Licenses**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/Registration No.</u>
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**2. Patents, Patent Applications and Patent Licenses**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/Registration No.</u>
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**3. Trademarks, Trademark Applications and Trademark Licenses**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/ Registration No.</u>
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**C. Tangible Personal Property in Possession of Warehousemen, Bailees and Other Third Parties.** Except as set forth below, no persons (including, without limitation, warehousemen and bailees) other than any Grantor have possession of any material amount (fair market value of \$10,000 or more) of tangible personal property of any Grantor:

**D. Tangible Personal Property in Former Article 9 Jurisdictions and Canada.** Set forth below are all the locations within the Commonwealth of Puerto Rico and any Province of Canada where any Grantor currently maintains or has maintained any material amount (fair market value of \$10,000 or more) of its tangible personal property (including goods, inventory and equipment) of such Grantor (whether or not in the possession of such Grantor) in the past five (5) years:

<u>Grantor</u>	<u>Address/City/Province or Commonwealth</u>
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**E. Real Estate Related UCC Collateral**

**1. Fixtures.** Set forth below is a summary chart of the counties in which any Grantor owns or leases any real property and a chart of all the locations where any Grantor owns or leases any real property:

**Mortgages**

**F. Books and Records.** Set forth below are all the locations where any Grantor maintains any books or records relating to any Collateral (as defined in that certain Credit Agreement, dated as of June 14, 2011 among El Pollo Loco, Inc., EPL Intermediate, Inc., certain other parties thereto and Jefferies Finance LLC, as administrative agent and as collateral agent) other than any Grantor’s Chief Executive Office:

<u>Collateral</u>	<u>Location of Books or Records</u>
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**G. Extraordinary Transactions.** Except for those purchases, acquisitions and other transactions set forth below, all of the Collateral has been originated by each Grantor in the ordinary course of business or consists of goods which have been acquired by such Grantor in the ordinary course of business from a person in the business of selling goods of that kind in the past five (5) years:

<u>Description of transaction</u>
-----------------------------------

**H. Advances.** Set forth below are (i) all advances made by any Grantor to any other Grantor as of the date hereof and (ii) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to any Grantor as of the date hereof:

<u>Description of advance or unpaid intercompany transfer</u>
---------------------------------------------------------------

**I. Commercial Tort Claims.** Set forth below are all “commercial tort claims” (as defined in Article 9 of the UCC) held by each Grantor, including a brief description thereof, which have a value reasonably believed by the Grantor to be, individually or in the aggregate, in excess of \$100,000:

Description of claim

**J. Letter-of-Credit Rights.** Set forth below are all letters of credit issued in favor of each Grantor, as beneficiary thereunder, except to the extent that the face amount, individually or in the aggregate, of all letters of credit not identified below does not exceed \$100,000.

**K. Motor Vehicles.** Set forth below are all motor vehicles (covered by certificates of title or ownership) valued, individually or in the aggregate, at over \$100,000 and owned by each Grantor, and the owner and approximate value of such motor vehicles:

<u>Motor vehicle</u>	<u>Owner</u>	<u>Approximate amount</u>

IN WITNESS WHEREOF, each of the undersigned hereto has caused this Perfection Certificate to be executed as of this [—] day of [—] 20[—] by its officer thereunto duly authorized.

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**EPL INTERMEDIATE, INC.**

By: \_\_\_\_\_  
Name:  
Title:



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EXHIBIT A

ORGANIZATIONAL STRUCTURE

J-1-6

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**Schedule II.B.1**

**El Pollo Loco, Inc.**  
**United States Copyright Registrations and Applications**

J-1-7

Schedule II.B.3

**El Pollo Loco, Inc.**  
**United States Trademark Registrations and Applications**

**El Pollo Loco, Inc.**  
**United States Trademark Licenses**

SCHEDULE III.C.

Leased Property

Unit

City, State

Sub-Leased Property

## PERFECTION CERTIFICATE SUPPLEMENT

Reference is hereby made to (i) that certain Second Lien Security Agreement, dated as of October 11, 2013 (as amended, amended and restated, supplemented, waived or otherwise modified from time to time in accordance with the provisions hereof, this "Agreement"), is made by El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), and the subsidiary guarantors from time to time party hereto by execution of this Agreement or otherwise by execution of a Joinder Agreement (together with Parent, the "Guarantors"), as pledgors, assignors and debtors (Borrower, together with the Guarantors, and together with any successors, the "Pledgors," and each, a "Pledgor"), is in favor of Jefferies Finance LLC ("Jefferies"), in its capacity as collateral agent pursuant to the Credit Agreement (as hereinafter defined), as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent") and (ii) that certain Second Lien Credit Agreement (the "Credit Agreement") dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Secured Parties (in such capacity, the "Collateral Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement. This Perfection Certificate Supplement is delivered pursuant to Section 5.13(b) of the Credit Agreement.

The undersigned hereby certify to the Administrative Agent and each of the Secured Parties that, as of the date hereof, there has been no change in the information described in the Perfection Certificate delivered on the Closing Date (as supplemented by any perfection certificate supplements delivered prior to the date hereof, the "**Prior Perfection Certificate**"), other than as follows:

1. **Current Information.** (a) Except as listed on **Schedule 1(a)** hereto, Section I(A) of the Prior Perfection Certificate sets forth the full and exact legal name (as it appears in each respective certificate or articles of incorporation, limited liability membership agreement or similar organizational documents, in each case as amended to date), the type of organization (or if a particular Grantor is an individual, please indicate so), the jurisdiction of organization (or formation, as applicable), and the organizational identification number (not Federal Taxpayer Identification Number) of each Grantor.

(b) Except as listed on **Schedule 1(b)** hereto, Section I(B) of the Prior Perfection Certificate sets forth the chief executive office address (or the principle residence is a particular Grantor is a natural person) and the preferred mailing address (if different than chief executive office or residence) of each Grantor.

(c) Except as listed on **Schedule 1(c)** hereto or as listed in Section I(C) of the Prior Perfection Certificate, none of the Grantors is a: (i) transmitting utility (as defined in UCC Section 9102(a)(80)), (ii) primarily engaged in farming operations (as defined in UCC Section 9-102(a)(35)), (iii) a trust, (iv) a foreign air carrier within the meaning of the Federal Aviation Act of 1958, as amended or (v) a branch or agency of a bank which bank is not organized under the law of the United States or any state thereof.

(d) Except as listed on **Schedule 1(d)** hereto, Section I(D) of the Prior Perfection Certificate sets forth each trade name or assumed name currently used by any Grantor or by which any Grantor is known or is transacting any business.

(e) Except as listed on **Schedule 1(e)** hereto or as listed in Section I(E) of the Prior Perfection Certificate, no Grantor has changed its name, jurisdiction of organization or its corporate structure in any way (e.g. by merger, consolidation, change in corporate form, change in jurisdiction of organization or otherwise).

(f) Except as listed on **Schedule 1(f)** hereto or as listed in Section I(F) of the Prior Perfection Certificate, no Grantor has changed its chief executive office, or principal residence if a particular Grantor is a natural person.

(g) Except as listed on **Schedule 1(g)** hereto or as listed in Section I(G) of the Prior Perfection Certificate, no Grantor has acquired the equity interests of another entity or substantially all the assets of another entity.

(h) [Attached as Exhibit A hereto] [Exhibit A of the Prior Perfection Certificate] is a true and correct chart showing the ownership relationship of each Grantor and all of its affiliates.

## 2. Information Regarding Certain Collateral.

- (a) (i) Except as listed on **Schedule 2(a)(i)** hereto, Section II(A)(1) of the Prior Perfection Certificate sets forth a list of all equity interests owned by each Grantor together with the type of organization which issued such equity interests (e.g. corporation, limited liability company, partnership or trust).
- (ii) Except as listed on **Schedule 2(a)(ii)** hereto, Section II(A)(2) of the Prior Perfection Certificate sets forth a list of all securities accounts in which any Grantor customarily maintains securities or other assets having an aggregate value in excess of \$100,000.
- (iii) Except as listed on **Schedule 2(a)(iii)** hereto, Section II(A)(3) of the Prior Perfection Certificate sets forth a list of all bank accounts (checking, savings, money market or the like) of each Grantor.
- (iv) Except as listed on **Schedule 2(a)(iv)** hereto, Section II(A)(4) of the Prior Perfection Certificate sets forth a list of all debt securities and instruments owed to any Grantor in the principal amount of greater than \$100,000.

(b) Except as listed on **Schedule 2(b)** hereto, Section II(B) of the Prior Perfection Certificate sets forth a list of all copyrights, patents, and trademark, all applications and licenses thereof and other intellectual property owned or used, or hereafter adopted, held or used, by each Grantor.

(c) Except as listed on **Schedule 2(c)** hereto or as listed in Section II(C) of the Prior Perfection Certificate (including any applicable schedule thereto), no persons (including, without limitation, warehousemen and bailees) other than any Grantor have possession of any material amount (fair market value of \$200,000 or more) of tangible personal property of any Grantor.

(d) Except as listed on **Schedule 2(d)** hereto, Section II(D) of the Prior Perfection Certificate sets forth all the locations within the Commonwealth of Puerto Rico and any Province of Canada where any Grantor currently maintains or has maintained any material amount (fair market value of \$200,000 or more) of its tangible personal property (including goods, inventory and equipment) of such Grantor (whether or not in the possession of such Grantor).

(e) Except as listed on **Schedule 2(e)** hereto, Section II(E) of the Prior Perfection Certificate (including any applicable schedule thereto) sets forth a summary chart of the counties in which any Grantor owns or leases any real property and a chart of all the locations where any Grantor owns or leases any real property.

(f) Except as listed on **Schedule 2(f)** hereto, Section II(F) of the Prior Perfection Certificate sets forth all the locations where any Grantor maintains any books or records relating to any Collateral.

(g) Except for those purchases, acquisitions and other transactions set forth on **Schedule 2(g)** hereto or in Section II(G) of the Prior Perfection Certificate, all of the Collateral has been originated by each Grantor in the ordinary course of business or consists of goods which have been acquired by such Grantor in the ordinary course of business from a person in the business of selling goods of that kind.

(h) Except as listed on **Schedule 2(h)** hereto, Section II(H) of the Prior Perfection Certificate sets forth (i) all advances made by any Grantor to any other Grantor as of the date hereof and (ii) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to any Grantor as of the date hereof.

(i) Except as listed on **Schedule 2(i)** hereto, Section II(I) of the Prior Perfection Certificate sets forth all “commercial tort claims” (as defined in Article 9 of the UCC) held by each Grantor, including a brief description thereof, which have a value reasonably believed by the Grantor to be, individually or in the aggregate, in excess of \$500,000.

(j) Except as listed on **Schedule 2(j)** hereto, Section II(J) of the Prior Perfection Certificate sets forth all letters of credit issued in favor of each Grantor, as beneficiary thereunder, except to the extent that the face amount, individually or in the aggregate, of all letters of credit not identified below does not exceed \$200,000.

(k) Except as listed on **Schedule 2(k)** hereto, Section II(K) of the Prior Perfection Certificate sets forth all motor vehicles (covered by certificates of title or ownership) valued, individually or in the aggregate, at over \$200,000 and owned by each Grantor, and the owner and approximate value of such motor vehicles.

3. **No Change.** The undersigned knows of no anticipated change in any of the circumstances or with respect to any of the matters contemplated in **Sections 1 and 2** hereto except as set forth on **Schedule 3** hereto.

The undersigned, on behalf of each Grantor, hereby authorize the Collateral Agent to file financing or continuation statements, and amendments thereto, in all jurisdictions and with all filing offices as the Collateral Agent may determine, in its sole discretion, are necessary or advisable to perfect the security interests granted or to be granted to the Collateral Agent under the Security Agreement. Such financing statements may describe the collateral in the same manner as described in the Security Agreement or may contain an indication or description of collateral that describes such property in any other manner as the Collateral Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the collateral granted to the Collateral Agent, including, without limitation, describing such property as “all assets” or “all personal property.”

Dated: [                    ]

*[The remainder of this page has been intentionally left blank]*

IN WITNESS WHEREOF, each of the undersigned hereto has caused this Perfection Certificate Supplement to be executed as of this [ ] day of [ ], 20[ ] by its officer thereunto duly authorized.

**EL POLLO LOCO, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**EPL INTERMEDIATE, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**[[INSERT ALL OTHER GUARANTORS]]**

By: \_\_\_\_\_  
Name:  
Title:]

**Schedule 1(a)**  
**to Perfection Certificate Supplement**

**Legal Names, Etc.**

Name of Grantor

Type of Organization (e.g.  
corporation, limited  
liability company, limited  
partnership)

Jurisdiction of  
Organization/  
Formation

Organizational  
Identification  
Number<sup>3</sup>

\_\_\_\_\_ ,  
<sup>3</sup> If a Grantor does not have an organizational identification number, please indicate "none." Additionally, organizational identification numbers are not required for entities organized under the laws of New York, Delaware, Connecticut, Georgia or Ohio for financing statements filed in such states. Such organizational identification numbers nevertheless may be required for financing statements filed in respect of entities organized under the foregoing states but filed in other states, e.g., in respect of fixtures.



**Schedule 1(b)**  
**to Perfection Certificate Supplement**

**Chief Executive Offices and Mailing Addresses**

Name of Grantor

Address of Chief Executive Office  
(or for natural persons, residence)

Mailing Address (if different than  
CEO or residence)

**Schedule 1(c)**  
**to Perfection Certificate Supplement**

**Special Grantors**

Name of Grantor

Type of Special Grantor

J-2-7

**Schedule 1(d)  
to Perfection Certificate Supplement**

**Trade Names/Assumed Names**

Grantor

Trade/Assumed Name

J-2-8

**Schedule 1(e)**  
**to Perfection Certificate Supplement**

**Changes in Names, Jurisdiction of Organization or Corporate Structure**

Grantor

Date of Change

Description of Change

J-2-9

**Schedule 1(f)**  
**to Perfection Certificate Supplement**

**Prior Addresses**

Grantor

Prior Address/City/State/Zip Code

J-2-10

**Schedule 1(g)  
to Perfection Certificate Supplement**

**Acquisitions of Equity Interests or Assets**

Grantor

Date of Acquisition

Description of Acquisition

J-2-11

**Schedule 2(a)(i)  
to Perfection Certificate Supplement**

**Equity Interests**

<u>Grantor</u>	<u>Issuer</u>	<u>Type of Organization</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>% of Interest Pledged</u>	<u>Certificate No. (if uncertificated, please indicate so)</u>	<u>Par Value</u>

**Schedule 2(a)(ii)**  
**to Perfection Certificate Supplement**

**Securities Accounts**

Grantor

Type of Account

Name & Address of Financial  
Institutions

J-2-13



**Schedule 2(a)(iii)**  
**to Perfection Certificate Supplement**

**Deposit Accounts**

Account Holder

Institution

Account Number

Type

Reference

J-2-14

**Schedule 2(a)(iv)  
to Perfection Certificate Supplement**

**Debt Securities & Instruments**

<u>Grantor</u>	<u>Issuer of Instrument</u>	<u>Principal Amount of Instrument</u>	<u>Maturity Date</u>

**Schedule 2(b)  
to Perfection Certificate Supplement**

**Intellectual Property**

<u>Grantor</u>	<u>Title</u>	<u>Filing Date/Issued Date</u>	<u>Status</u>	<u>Application/ Registration No.</u>
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J-2-16

**Schedule 2(c)**  
**to Perfection Certificate Supplement**

**Tangible Personal Property in Possession of Warehousemen, Bailees and Other Third Parties**

<u>Grantor</u>	<u>Property</u>	<u>Name &amp; Address of Warehouseman, Bailee or Other Third Party</u>
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J-2-17

**Schedule 2(d)**  
**to Perfection Certificate Supplement**

**Tangible Personal Property in Former Article 9 Jurisdictions and Canada**

Grantor

Address/City/Province or Commonwealth

J-2-18

**Schedule 2(e)**  
**to Perfection Certificate Supplement**

**Real Estate Related UCC Collateral**

**Mortgages**

<u>Unit</u>	<u>Address</u>	<u>City/State</u>
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**Leases, Subleases, Tenancies, Franchise Agreements, Licenses or Other Occupancy Arrangements**

<u>Unit</u>	<u>Address</u>	<u>City, State</u>	<u>Lease</u>	<u>Landlord</u>	<u>Tenant</u>	<u>Lease Date</u>	<u>Expiration</u>
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**Schedule 2(f)**  
**to Perfection Certificate Supplement**

**Books and Records**

Collateral

Location of Books or Records

J-2-20

**Schedule 2(g)  
to Perfection Certificate Supplement**

**Extraordinary Transactions**

Description of transaction

J-2-21



**Schedule 2(h)**  
**to Perfection Certificate Supplement**

**Advances**

Description of advance or unpaid intercompany transfer

J-2-22

**Schedule 2(i)**  
**to Perfection Certificate Supplement**

**Commercial Tort Claims**

Description of claim

J-2-23

**Schedule 2(j)**  
**to Perfection Certificate Supplement**

**Letter-of-Credit Rights**

<u>Description of letter-of-credit right</u>	<u>Amount</u>

**Schedule 2(k)**  
**to Perfection Certificate Supplement**

**Motor Vehicles**

<u>Motor vehicle</u>	<u>Owner</u>	<u>Approximate amount</u>

**Schedule 3**  
**to Perfection Certificate Supplement**

**No Change**

Description of change

J-2-26

**Exhibit A**  
**to Perfection Certificate Supplement**

**Corporate Ownership and Organizational Structure**

*[Chart to be attached]*

J-2-27

[Form of]  
**SECURITY AGREEMENT**

[Separately provided]

K-1

[Form of]  
**NON-BANK CERTIFICATE**

Reference is made to the Second Lien Credit Agreement (the "Credit Agreement") dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Secured Parties (in such capacity, the "Collateral Agent").

Pursuant to Section 2.15(e) of the Credit Agreement, the undersigned certifies that it is not a bank (as such term is used in Section 881(c)(3)(A), of the Internal Revenue Code of 1986, as amended).

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

[ADDRESS]

Dated: \_\_\_\_\_, 20

Form of Non-Bank Certificate



[Form of]  
**SOLVENCY CERTIFICATE**

Reference is made to Second Lien Credit Agreement (the “Credit Agreement”) dated as of October 11, 2013, among El Pollo Loco, Inc., a Delaware corporation (“Borrower”), EPL Intermediate, Inc., a Delaware corporation (“Parent”), the Subsidiary Guarantors, the Lenders, Jefferies Finance LLC as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), as collateral agent for the Secured Parties (in such capacity, the “Collateral Agent”). Capitalized terms used but not defined herein shall have the meaning given to such terms in the Credit Agreement. The undersigned, [[ ], Chief Financial Officer of Borrower][ [ ], Chief Executive Officer of Borrower], solely in [his/her] capacity as [Chief Financial Officer][Chief Executive Officer] of Borrower does hereby certify as of the date hereof pursuant to Section 4.01(h) of the Credit Agreement, as follows:

Immediately after the consummation of the Transactions to occur on the Closing Date and immediately following the making of each Credit Extension and after giving effect to the application of the proceeds of each Credit Extension, in each case, on the Closing Date:

- (a) The fair value of the properties of the Loan Parties, taken as a whole on a consolidated basis, will exceed their debts and liabilities, subordinated, contingent or otherwise;
- (b) The present fair saleable value of the property of the Loan Parties, taken as a whole on a consolidated basis, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, taken as a whole, as such debts and other liabilities become absolute and matured;
- (c) The Loan Parties, taken as a whole on a consolidated basis, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured;
- (d) The Loan Parties, taken as a whole on a consolidated basis, will not have unreasonably small capital with which to conduct the business in which they are engaged as such businesses are now conducted and are proposed, contemplated or about to be conducted following the Closing Date;
- (e) For purposes of this solvency certificate (this “**Certificate**”), the amount of contingent liabilities has been computed as the amount that, in the light of all the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability and takes into account contractual and common law rights of contribution among the Guarantors, including the rights of contribution set forth in Section 7.10 of the Credit Agreement;
- (f) No Loan Party intends, in consummating the transactions contemplated by the Credit Agreement, to hinder, delay, or defraud either present or future creditors;
- (g) In reaching the conclusions set forth in this Certificate, the undersigned has considered, among other things:
  - (i) the Financial Statements;
  - (ii) the values of each Loan Party’s real property, equipment, inventory, accounts receivable and all other property of each Loan Party, real and personal, tangible and intangible;

Form of Solvency Certificate

- (iii) all Indebtedness of each Loan Party known to the undersigned, including, among other things, any claims arising out of pending or, to the knowledge of any Loan Party, threatened litigation against each Loan Party;
  - (iv) historical and anticipated changes in the sales volume of each Loan Party;
  - (v) the customary terms of trade payables of each Loan Party;
  - (vi) the amount of the credit extended by and to customers of each Loan Party; and
  - (vii) the level of capital customarily maintained by each Loan Party; and
- (h) In reaching the conclusions set forth in this Certificate, the undersigned has made such other inquiries as the undersigned has deemed appropriate, having taken into account the nature of the particular business anticipated to be conducted by each Loan Party after consummation of the Transactions. The undersigned has not in connection with this Certificate engaged the services of any independent expert on asset valuation or appraisal. This certificate is being executed and delivered by the undersigned in his capacity as an officer of the Company and no personal liability will attach to the undersigned in connection with the execution and delivery of this certificate.

The undersigned understands that the Lenders are relying on the truth and accuracy of contents of this Certificate in connection with each Credit Extension made to Borrower pursuant to the Credit Agreement.

*[Signature Page Follows]*

Form of Solvency Certificate

By: \_\_\_\_\_

Name:

Title: Chief Financial Officer

Form of Solvency Certificate

[Form of]  
**MANAGEMENT FEE SUBORDINATION AGREEMENT**

[Separately provided]

Form of Management Fee Subordination Agreement

N-1

[Form of]  
**INTERCREDITOR AGREEMENT**

[Separately provided]

Form of Intercreditor Agreement

**STOCKHOLDERS AGREEMENT**  
**BY AND AMONG**  
**CHICKEN ACQUISITION CORP.**  
**AND**  
**THE STOCKHOLDERS LISTED HEREIN**  
**DATED AS OF NOVEMBER 18, 2005**

## STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "**Agreement**") is entered into as of the 18<sup>th</sup> day of November, 2005, by and among Chicken Acquisition Corp., a Delaware corporation (the "**Company**"), Trimaran Pollo Partners, L.L.C., a Delaware limited liability company ("**Trimaran**"), the individuals set forth on Schedule A hereto (together with the employees of the Company or its Subsidiaries (as defined in Section 1.1) who become parties to this Agreement pursuant to the terms and conditions of this Agreement, the "**Management Stockholders**") and such other Persons that become parties to this Agreement pursuant to the terms and conditions of this Agreement (the "**Additional Stockholders**").

### RECITAL

**WHEREAS**, the Company, EPL Holdings, Inc. ("**Holdings**"), EPL Intermediate, Inc., El Pollo Loco, Inc., the equityholders of Holdings and American Securities Capital Partners, L.P. are parties to a Stock Purchase Agreement (the "**Purchase Agreement**"), dated September 27, 2005, with respect to the acquisition by the Company or a Subsidiary thereof of all of the issued and outstanding shares of common stock of Holdings (the "**Transaction**");

**WHEREAS**, pursuant to the Purchase Agreement and Exchange Agreements (as defined in the Purchase Agreement) entered into with each individual set forth on Schedule A hereto, the Company is issuing at the Closing (as defined in the Purchase Agreement) shares of common stock, par value \$.01 per share ("**Common Stock**"), and/or options to acquire shares of Common Stock ("**Stock Options**"), respectively, of the Company in exchange for shares of common stock of Holdings and/or options to acquire shares of common stock of Holdings held by such individuals; and

**WHEREAS**, immediately after giving effect to the Closing, all of the outstanding shares of Company Stock will be owned by the Stockholders;

**WHEREAS**, the parties wish to enter into this Agreement to grant certain rights to and to place certain restrictions on the shares of Company Stock now or hereafter owned by each Stockholder; and

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

1.1 Certain Defined Terms. As used herein, the following terms shall have the meanings set forth below:

"**Action**" shall mean any demand, action, claim, suit, litigation, arbitration, prosecution, proceeding (including any civil, criminal, administrative or appellate proceeding) or hearing commenced, brought, conducted or heard by or before any court, grand jury or other Governmental Authority or any arbitrator or mediator or mediation or arbitration panel.

“**Additional Stockholders**” shall have the meaning set forth in the Preamble.

“**Affiliate**” or “**affiliate**” shall mean, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “**control**” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing; provided that Affiliate shall be deemed not to include any portfolio companies of the Trimaran Group or their Affiliates.

“**Agreement**” shall have the meaning set forth in the Preamble.

“**Board of Directors**” shall mean the Board of Directors of the Company.

“**Bona Fide Offer**” shall mean any offer by a Third Party in writing, setting forth a specific purchase price and other material terms and a closing date of no more than ninety (90) days therefrom, subject to satisfaction of the conditions set forth therein.

“**Business Day**” shall mean any calendar day which is not a Saturday, Sunday or public holiday under the laws of the State of New York.

“**Call Right**” shall have the meaning set forth in Section 6.4(b).

“**Carrying Value**” shall mean the price paid by the Stockholder for any share of Company Stock, less the amount of dividends and other distributions paid to such Stockholder in respect of any such share; provided that, with respect to shares of Company Stock that are Exchange Shares, Carrying Value shall mean the Deal Price less any dividends paid and; provided further that, with respect to shares of Company Stock that are Exchange Options, Carrying Value shall mean the excess, if any, of the Deal Price over the applicable exercise price of such Option.

“**Cause**” shall mean any action that constitutes misconduct; dishonesty; the failure to comply with specific directions of the Board of Directors or senior management of the Company, as applicable, that are consistent with the terms of any employment agreement with the Company of such Management Stockholder, if applicable, or the objectives of the Company (after having been given a reasonably detailed written notice of, and a period of 20 days to cure, such misconduct or failure); a deliberate and premeditated act against the Company or its Affiliates; the commission of a felony; substance abuse or alcohol abuse which renders the Management Stockholder



unfit to perform his duties; any breach of the covenants set forth in any employment agreement with the Company of such Management Stockholder. Any voluntary termination of employment with the Company by the Management Stockholder in anticipation of an involuntary termination of the Management Stockholder's employment for Cause shall be deemed to be a termination for Cause.

**"Claim"** shall mean any demand, action, claim, suit, litigation, arbitration, prosecution, proceeding (including any civil, criminal, administrative or appellate proceeding) or hearing commenced, brought, conducted or heard by or before any court, grand jury or other Governmental Authority or any arbitrator or mediator or mediation or arbitration panel.

**"Closing"** shall have the meaning set forth in the recitals.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

**"Common Stock"** shall have the meaning set forth in the recitals.

**"Company"** shall have the meaning set forth in the Preamble.

**"Company Option Plan"** shall mean any stock option plan or employee benefit or other incentive plan which may be adopted pursuant to which participants may acquire options or similar securities to purchase shares of Common Stock.

**"Company Securities"** shall have the meaning set forth in Section 7.3(a)(i).

**"Company Stock"** shall mean the Common Stock and any other capital stock of any class or series of the Company and any shares of capital stock issuable upon the conversion, exercise or exchange of securities of the Company (including Options) convertible into, or exercisable or exchangeable for, any such Common Stock or other capital stock of the Company, including, without limitation, shares of Common Stock issued or issuable pursuant to the Company Option Plan or any other stock option plan or employee benefit or other incentive plan presently in effect or which may be adopted by the Company after the date hereof. For purposes of Sections III, IV, V and VI of this Agreement, subject to the limitations set forth therein, Company Stock shall also include Exchange Options and references to "shares of Company Stock" contained therein shall be deemed to include Exchange Options.

**"Company Stock Equivalent Price"** shall mean, in the case of a LLC Drag, a price per share of Company Stock derived from the price per Membership Unit specified in the Drag-Along Notice taking into account (i) the relative ownership of the Company by Trimaran and (ii) the relative ownership of Trimaran by the Trimaran Funds, in each case as determined by the Board of Directors in its good faith judgment.

**"Confidential Information"** shall have the meaning set forth in Section 13.2.

“**Cost**” means (i) when used in connection with a share of Company Stock (other than Exchange Options), means the cost at which such shares of Company Stock were purchased; provided that, with respect to shares of Company Stock that are Exchange Shares, Cost shall mean the Deal Price and (ii) when used in connection with the value of an Exchange Option, the excess, if any, of the Deal Price over the applicable exercise price of such Option.

“**Covered Person**” shall have the meaning set forth in Section 12.1.

“**Credit Agreement**” shall mean the credit agreement among EPL Finance Corp., El Pollo Loco, Inc. and EPL Intermediate, Inc., Merrill Lynch Capital Corporation, as administrative agent, and certain other lenders party thereto, entered into on the date of this Agreement.

“**Deal Price**” shall mean the Per Share Price as defined in the Purchase Agreement, subject to the applicable adjustments as set forth in the Purchase Agreement, as determined by the Board of Directors in its good faith determination.

“**Disability**” shall mean, when used with respect to any Management Stockholder or the Chief Executive Officer of the Company, any physical or mental disability or infirmity that prevents the performance of such person’s duties for a period of (i) six (6) consecutive months or (ii) an aggregate of nine (9) months in any twenty-four (24) consecutive month period.

“**Duly Endorsed**” shall mean (i) duly endorsed in blank by the Person or Persons in whose name a stock certificate or certificate representing a debt security is registered or (ii) accompanied by a duly executed stock or security assignment separate from the certificate.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Exchange Options**” shall mean an Option or Options received by a Stockholder at the Closing in exchange for an option or options to purchase shares of Holdings common stock pursuant to the Purchase Agreement and the applicable Exchange Agreement.

“**Exchange Shares**” shall mean a share or shares of Common Stock received by a Stockholder at the Closing in exchange for a shares or shares of Holdings common stock pursuant to the Purchase Agreement and the applicable Exchange Agreement.

“**Fair Market Value**” shall mean (i) when used in connection with the value of a share of Company Stock (other than any Option), the price at which such share of Company Stock would likely be sold in an arm’s length transaction (specifically excluding any price paid or proposed to be paid in any transactions between a Stockholder and its Permitted Transferees) between a willing and able buyer under no compulsion to buy and a willing and able seller under no compulsion to sell, as

determined by the Board of Directors of the Company in good faith and (ii) when used in connection with the value of an Option, warrant, or similar right to purchase shares of Common Stock, the positive difference, if any, between fair market value (as determined pursuant to clause (i)) of the number of shares of Common Stock for which such Option, warrant, or similar right to purchase shares of Common Stock is exercisable and the applicable exercise price of such Option, warrant, or similar right to purchase shares of Common Stock.

**“Financing Default”** shall mean an event or circumstance which would constitute (or with notice or lapse of time or both would constitute) an event of default under any outstanding Indebtedness of the Company, or any refunding, refinancing or extension of any of the foregoing, as any agreements pertaining thereto may be amended from time to time, and which event or circumstance has not been waived or cured in accordance with such agreements.

**“GAAP”** shall mean United States generally accepted accounting principles as in effect on the date or for the period with respect to which such principles are applied.

**“Good Reason”** shall mean, with respect to any Management Stockholder, (1) such Management Stockholder’s relocation by the Company or any subsidiary outside Orange County, California; (2) a reduction of such Management Stockholder’s title; (3) a reduction of such Management Stockholder’s base salary; or (4) the failure of the Company or any subsidiary to provide or cause to be provided to such Management Stockholder material employee benefits; provided that, in the case of such Management Stockholder that is a party to an employment agreement with the Company or any Subsidiary thereof, “Good Reason”, with respect to such Management Stockholder, shall have the meaning set forth in the applicable employment agreement.

**“Governmental Authority”** shall mean any federal, state, local or foreign government, executive official thereof, governmental or regulatory authority, agency or commission, including courts of competent jurisdiction, domestic or foreign.

**“Indebtedness”** shall mean, as applied to any Person (without duplication) (a) all outstanding indebtedness of such Person for borrowed money, whether current or funded, or secured or unsecured, (b) all outstanding obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or debt securities, (c) all outstanding indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (d) all outstanding indebtedness of such Person secured by a purchase money mortgage or other Lien to secure all or part of the purchase price of the property subject to such Lien, (e) all outstanding obligations under leases which shall have been or must be, in accordance with GAAP, recorded as capital leases in respect of which such Person is liable as lessee, (f) any outstanding liability or other obligation of such Person in respect of letters of

credit, (g) all interest, fees, prepayment premiums and other expenses owed with respect to the indebtedness referred to above and (h) all indebtedness referred to above which is directly or indirectly guaranteed by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which it has otherwise assured a creditor against loss.

“**Involuntary Transfer**” shall have the meaning set forth in Section 3.2.

“**Involuntary Transfer Notice**” shall have the meaning set forth in Section 3.2.

“**Involuntary Transferee**” shall have the meaning set forth in Section 3.2.

“**Lien**” shall mean any lien, encumbrance, easement, encroachment, defect of title, security interest, mortgage, pledge, preemptive right, right of way, option to acquire, right of first refusal, restriction on transfer or any adverse claim of any nature whatsoever (except, in the case of the Company, for restrictions relating to applicable securities laws).

“**Liquidation**” means any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Company.

“**LLC**” means Trimaran Pollo Partners, L.L.C.

“**LLC Agreement**” means the Limited Liability Operating Agreement, dated November 18<sup>th</sup>, 2005, of the LLC, by and among the LLC and the parties set forth on Schedule A thereto.

“**LLC Drag**” shall have the meaning set forth in Section 5.1(a).

“**Management Agreement**” shall have the meaning set forth in Section 2.2.

“**Management Stockholders**” shall have the meaning set forth in the Preamble.

“**Membership Unit**” shall have the meaning set forth in the LLC Agreement.

“**NASD**” shall have the meaning set forth in the definition of Registration Expenses.

“**Offer**” shall have the meaning set forth in Section 4.6(a).

“**Options**” shall mean the options to purchase shares of stock or other equity interests of the Company pursuant to the Company Option Plan.

“**Participation Commitment**” shall have the meaning set forth in Section 8.1(c).

“**Participation Notice**” shall have the meaning set forth in Section 8.1(b).

“**Participation Portion**” shall have the meaning set forth in Section 8.1(b)(i).

“**Participation Stockholder**” shall have the meaning set forth in Section 8.1(b).

“**Participating Buyer**” shall have the meaning set forth in Section 8.1(c).

“**Per Share Value**” means \$86.43 representing the value of each share of Common Stock as of the date of this Agreement.

“**Permitted Transferee**” of a Stockholder shall mean, any other Stockholder and:

(i) any Affiliate of the Stockholder or any general or limited partner or equity holder of any Stockholder (collectively, the “**Stockholder Affiliates**”);

(ii) with respect to any Stockholder that itself is a Permitted Transferee of a current or past Stockholder (an “**Original Stockholder**”), any Original Stockholder; and

(iii) in the case of any Management Stockholder, any trust, the beneficiaries of which, or corporation, limited liability company or partnership, the shareholders, members or general or limited partners of which, include only his or her spouse, members of his or her immediate family or household or his or her lineal descendants;

provided, that in no event shall a party described in clauses (i), (ii) or (iii) be a Permitted Transferee if such party is, in the good faith reasonable judgment of the Board of Directors, an actual or potential competitor of, or otherwise adverse to the interests of, the Company.

“**Person**” shall mean an individual, a partnership (general or limited), a corporation, a limited liability company, an association, a joint stock company, Governmental Authority, a business or other trust, a joint venture, any other business entity or an unincorporated organization.

“**Piggyback Securities**” shall mean those Registrable Securities which are requested to be sold by any Stockholder or such other Persons granted piggyback registration rights as described in Section 7.2 hereof.

“**Preemptive Issuance**” shall have the meaning set forth in Section 8.1(a).

**“Preemptive Transferee”** shall have the meaning set forth in Section 8.1(b)(i).

**“Pro Rata Portion”** means, as determined by the Board of Directors in good faith judgment:

(i) for purposes of Article IV, a number of shares of Company Stock determined by multiplying (a) (1) the number of shares of Company Stock (other than any Options) held by the Tagging Stockholder plus (b) the number of shares of Common Stock issuable upon the exercise of any vested Options held by the Tagging Stockholder by (2) a fraction, the numerator of which is the number of shares of Company Stock proposed to be Transferred by the Transferring Stockholders in connection with the Tag-Along Transfer and the denominator of which is the aggregate number of shares of Company Stock held by such Transferring Stockholders immediately prior to such Tag-Along Transfer;

(ii) for purposes of Article V, a number of shares of Company Stock determined by multiplying (a) (1) the number of shares of Company Stock (other than Options) plus (2) the number of shares of Common Stock issuable upon the exercise of vested Options and Options that will vest upon consummation of the Drag-Along Transfer held by the relevant Drag-Along Holder by (b) a fraction, the numerator of which is the number of shares of Company Stock proposed to be Transferred by the Selling Stockholders to the Transferee and the denominator of which is the aggregate number of shares of Company Stock held by the Selling Stockholders (or in the case of a LLC Drag, a fraction, the numerator of which is the number of Membership Units proposed to be Transferred by the Selling Members to the Transferee and the denominator of which is the aggregate number of Membership Units held by the Selling Members).

**“Purchase Agreement”** shall have the meaning set forth in the recitals.

**“Qualified Public Offering”** shall mean a public offering and sale of the common equity of the Company or any of its Subsidiaries (or any of their successors) for cash registered under the Securities Act with an aggregate public offering price of at least \$50,000,000.

**“Registrable Securities”** shall mean all shares of Common Stock, including, without limitation, Common Stock issuable upon the conversion, exercise or exchange of such other securities, granted registration rights as described in Article VII hereof, that by their terms are converted into shares of Common Stock. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (w) such securities shall have been registered under the Securities Act, the registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of pursuant to such effective registration statement, (x) such securities shall have been distributed pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (y) such securities shall have been otherwise transferred, if new

certificates or other evidences of ownership for them not bearing a legend restricting further transfer and not subject to any stop transfer order or other restrictions on transfer shall have been delivered by the Company and subsequent disposition of such securities shall not require registration or qualification of such securities under the Securities Act or any state securities laws then in force or (z) such securities shall cease to be outstanding.

**“Registration”** shall mean a bona-fide public offering and sale of shares of Company Stock or other direct or indirect equity interests of a Person pursuant to an effective registration statement under the Securities Act and in compliance with all applicable state securities laws.

**“Registration Expenses”** shall mean all fees and expenses of the Company incident to the Company’s performance of or compliance with Article VII hereof, including, without limitation, all SEC and stock exchange or National Association of Securities Dealers, Inc. (“**NASD**”) registration, filing and listing fees and expenses, fees and expenses of compliance with securities or blue sky laws (including, without limitation, reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), rating agency fees, all fees and expenses of the transfer agent and registrar for the Registrable Securities, printing expenses, messenger and delivery expenses, the reasonable fees and expenses incurred in connection with the listing of the securities to be registered on each securities exchange or national market system on which Registrable Securities are to be listed or on which similar securities issued by the Company are to be listed in connection with such transaction, reasonable fees and disbursements of counsel for the Company and all independent certified public accountants for the Company (including the expenses of any annual audit, special audit and “cold comfort” letters required in connection therewith or incident thereto), securities laws liability insurance (if the Company so desires or if the underwriters so desire), the reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, all fees and expenses of any qualified independent underwriter or any Person acting in a similar capacity under the rules of the NASD, the reasonable fees and disbursements of one counsel retained in connection with each such registration on behalf of the Stockholders (which shall be counsel selected by the Requesting Stockholder in the event of a Registration effected pursuant to Section 7.1 hereof, or counsel elected by the holders of a majority of the Registrable Securities being registered in the event of any other Registration), the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, and fees and expenses of other Persons retained by the Company (but not including any underwriting discounts or commissions or transfer taxes, if any, attributable to the sale of Registrable Securities by the holders of such Registrable Securities).

**“Representative”** shall mean, with respect to a particular Person, any director, officer, general partner, limited partner, co-owner, member, nominee, managing director or controlling Person of such Person.

**“Requesting Stockholder”** shall have the meaning as set forth in Section 7.1(a).

**“Retirement”** shall mean, with respect to a Management Stockholder or the Chief Executive Officer of the Company, such person’s normal or early retirement as an employee of the Company or any of its Subsidiaries in accordance with the applicable tax-qualified retirement plan of the Company or such Subsidiaries in which such person participates.

**“Sarbanes-Oxley Act”** shall mean the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder.

**“Securities”** shall have the meaning set forth in Section 8.1(a).

**“Securities Act”** shall mean the Securities Act of 1933 and the rules and regulations promulgated thereunder.

**“SEC”** shall mean the United States Securities and Exchange Commission.

**“Stockholders”** shall mean, for so long as any such Persons hold Company Stock, collectively (i) Trimaran, (ii) the Management Stockholders, (iii) the Additional Stockholders, if any, and (iv) Persons who or which have acquired shares of the Company’s capital stock from, and are Permitted Transferees of, any of the Persons referred to in clauses (i), (ii) and (iii) or their Permitted Transferees (or any combination of the foregoing).

**“Stockholder Affiliates”** shall have the meaning set forth in the definition of Permitted Transferee.

**“Subsidiary”** shall mean, with respect to any specified Person, (a) a corporation, fifty percent (50%) or more of the voting or capital stock of which is, as of the time in question, directly or indirectly owned by such Person and (b) any partnership, joint venture, association, joint stock company, trust, unincorporated organization or other entity in which such Person, directly or indirectly, owns fifty percent (50%) or more of the equity economic interest thereof or has the power to elect or direct the election of more than fifty percent (50%) of the members of the governing body of such entity.

**“Tag-Along Notice”** shall have the meaning set forth in Section 4.1(b).

**“Tag-Along Offerees”** shall have the meaning set forth in Section 4.1(a).

**“Tag-Along Securities”** shall have the meaning set forth in Section 4.1(a).

**“Third Party”** shall mean, with respect to any Stockholder, any Person other than (i) such Stockholder’s Permitted Transferees and (ii) the Company.

**“Third-Party Purchaser”** shall have the meaning as set forth in Section 5.1.

**“Transaction”** shall have the meaning set forth in the recitals.



“**Transfer**” shall mean any direct or indirect sale, assignment, mortgage, transfer, pledge, gift, hypothecation, short sale or other direct or indirect disposition of or transfer of shares of Company Stock. “**Transferred**” and “**Transferee**” each have a correlative meaning.

“**Transferor**” shall have the meaning set forth in Section 4.1(a).

“**Trimaran**” shall have the meaning set forth in the Preamble.

“**Trimaran Funds**” shall mean any of Trimaran Fund II, L.L.C., Trimaran Parallel Fund II, L.P., Trimaran Capital, L.L.C., CIBC Employee Private Equity Fund (Trimaran) Partners and CIBC Capital Corporation and any of their respective Affiliates that are members of the LLC.

“**Trimaran Group**” shall mean Trimaran and its respective Permitted Transferees who become party to this Agreement pursuant to Section 3.1.

“**Violation**” shall mean, with respect to any purchase of shares of Company Stock, any event or circumstance pursuant to which the purchase of such shares (together with any other purchases of shares of Company Stock pursuant to this Agreement of which the Company has at such time been given or has given notice) would (i) conflict with or result in a violation of or breach (or any event which with lapse of time or the occurrence of any act or event or otherwise would constitute or result in any of the foregoing) any law, statute, rule, regulation, order, writ, injunction, decree or judgment promulgated or entered by any federal, state, local or foreign court or governmental authority applicable to the Company or its Subsidiaries or any of their properties or assets or (ii) violate or conflict with or constitute a breach or default, or an event creating rights of acceleration or termination (in each case, whether upon lapse of time or the occurrence of any act or event or otherwise), under any agreement to which the Company or any of its Subsidiaries is a party or by which any of their properties or assets may be bound.

“**Voluntary Termination**” shall mean the voluntary termination by a Management Stockholder or the Chief Executive Officer of the Company of his or her employment with each of the Company and any of its Subsidiaries with which such person is employed by voluntary resignation or any other means, other than a termination by such person for Good Reason.

## ARTICLE II

### CERTAIN AGREEMENTS WITH STOCKHOLDERS

2.1 *Monitoring and Management Agreement.* The parties hereto acknowledge and agree that at the Closing, the Company and Trimaran Fund Management, L.L.C. will enter into a Monitoring and Management Agreement (the “**Management Agreement**”), the form of which is attached as Exhibit A, which provides for, among other things, the payment of monitoring fees and transaction fees by the Company, in exchange for advisory services provided by the Trimaran Group.

2.2 *Agreements with Stockholders.* Any transaction or agreement (other than the Management Agreement and any other transactions or agreements contemplated hereby) entered into between the Company, on the one hand, and any of the Stockholders or their Affiliates, on the other hand, after the date hereof shall be negotiated on an arm's-length basis as determined by the members of the Board of Directors which are not Nominees of such transacting Stockholder and shall be subject to the approval of Trimaran. This Section 2.2 shall not apply to employment matters with respect to Management Stockholders, which matters will be subject to necessary approvals of the Board of Directors, or the applicable committee thereof.

### ARTICLE III

#### TRANSFERS AND EXCHANGES

##### 3.1 *Restrictions on Transfer.*

(a) Subject to the rights and restrictions set forth in Article IV, no shares of Company Stock now or hereafter owned by any Stockholder or any interest therein, may be Transferred, other than:

(i) any Transfer by any Stockholder to a Third Party with the prior approval of the Board of Directors;

(ii) Transfers to one or more of such Stockholder's Permitted Transferees;

(iii) in the case of any Stockholder, any Transfer to a Third Party; provided that the Stockholders (other than the Trimaran Group) shall not have the ability to effect any Transfer, without the prior consent of the majority of directors of the Company, pursuant to this clause (iii) until after the five (5) year anniversary of the Closing; and provided further that any such permitted Transfer under this clause (iii) shall be subject to the provisions of Article IV;

(iv) any Transfer by any Stockholder to a Third Party of any of such Person's shares of Company Stock arising as a result of the exercise by such Stockholder of "tag-along" rights pursuant to Article IV; provided that during any period following any termination of the Management Stockholder's employment with the Company or any of its Subsidiaries up until the expiration of the Company's call period set forth in Section 6.1, such Management Stockholder and his Permitted Transferees shall not be permitted to Transfer any shares of Company Stock pursuant to the provisions of Article IV;

(v) pursuant to any sale of shares of Company Stock in connection with the exercise by the Trimaran Group of its rights under Article V;

(vi) upon the exercise by the Company (or its designee) or any Management Stockholder (or his or her personal representatives) of any “call” or “put” rights, as applicable, provided for in Article VI; and

(vii) any sale of shares of Company Stock in connection with the exercise of such Person’s rights under Article VII;

(b) Any Transfer of shares of Company Stock made pursuant to this Section 3.1 to a Third Party or a Permitted Transferee shall be

effective only if:

(i) such Third Party or Permitted Transferee (to the extent not already party to this Agreement) shall agree in writing, in accordance with Article IX hereof, to be bound by the terms and conditions of this Agreement to the same extent and in the same manner as the Stockholder transferring such shares of Company Stock;

(ii) the Transfer to such Third Party or Permitted Transferee is in compliance with all applicable federal, state and foreign securities laws;

(iii) in the event of a Transfer to a Third Party, if requested by the Board of Directors in its sole judgment, the Company receives an opinion of counsel reasonably acceptable to the Company, at the expense of the Stockholder proposing the Transfer, reasonably satisfactory in form and substance to the Board of Directors, to the effect that: (A) such Transfer would not violate the Securities Act or any state securities or “blue sky” laws applicable to the Company or the shares of Company Stock to be Transferred, (B) such Transfer shall not impose liability or reporting obligations on the Company or any Stockholder in any jurisdiction, whether domestic or foreign, or result in the Company or any Stockholder becoming subject to the jurisdiction of any court or Governmental Authority anywhere, other than the states, courts and Governmental Authorities in which the Company is then subject to such liability, reporting obligation or jurisdiction and (C) such other customary matters as the Board of Directors may reasonably request; and

(iv) in the event of a Transfer to a Permitted Transferee, the Stockholder has obtained the prior approval of the Board of Directors (which consent shall not be withheld unless, in the reasonable opinion of the Board of Directors, such Transfer of shares of Company Stock by such Stockholder together with all other Transfers of shares of Company Stock made by such Stockholder could result in or create a significant risk (as defined below) that, prior to any Registration, the Company may become subject to the informational requirements of the Exchange Act). For the purposes of this Section 3.1(b)(iv), a “significant risk” shall be deemed to arise when the number of “holders of record” (as

determined in accordance with the Exchange Act) is greater than 80% of the number of “holders of record” that would cause the application or continued application of the informational requirements of the Exchange Act under the then existing circumstances.

(c) Notwithstanding any other provision of this Agreement, the parties hereby agree that any Transfer or series of Transfers of any equity interests in Trimaran shall not constitute a Transfer of Company Stock for purposes of this Agreement.

(d) No Transfer of shares of Company Stock in violation of this Agreement shall be made or recorded on the books of the Company and any such Transfer shall be void and of no effect.

(e) Notwithstanding anything to the contrary, unexercised Exchange Options may not be Transferred to any Person except as a result of the laws of descent solely in order that Exchange Options may be exercised in accordance with the terms of applicable option agreement; provided further that Section 3.2 below shall apply in respect of any shares into which such Exchange Options are exercised.

**3.2 *Involuntary Transfers.*** In the case of any Transfer of title or beneficial ownership of shares of Company Stock upon default, foreclosure, forfeit, divorce, court order, or otherwise than by a voluntary decision on the part of a Stockholder (an “**Involuntary Transfer**”), (i) the Company shall have the right to purchase such shares of Company Stock pursuant to this Section 3.2 and (ii) if the Company shall have failed to exercise such right, each Stockholder (other than the Stockholder whose shares of Company Stock are subject to such Involuntary Transfer) shall have the right to purchase such shares of Company Stock pursuant to this Section 3.2 which shares of Company Stock shall be allocated to each such Stockholder on a pro rata basis in accordance with its ownership of shares of Company Stock on a fully-diluted basis (excluding any unexercised options or warrants). Upon the Involuntary Transfer of any shares of Company Stock, such holder of shares of Company Stock shall promptly (but in no event later than two (2) days after such Involuntary Transfer) furnish written notice (the “**Involuntary Transfer Notice**”) to the Company and each of the Stockholders indicating that the Involuntary Transfer has occurred, specifying the name of the Person to whom such shares have been transferred (the “**Involuntary Transferee**”) and giving a detailed description of the circumstances giving rise to, and stating the legal basis for, the Involuntary Transfer. Upon the receipt of the Involuntary Transfer Notice, and for thirty (30) days thereafter, the Company or each Stockholder (other than the Stockholder whose shares of Company Stock are subject to such Involuntary Transfer), as applicable, shall have the right to purchase (subject to the priority set forth in the first sentence of this Section 3.2), and the Involuntary Transferee shall have the obligation to sell, all, but not less than all, of the shares of Company Stock acquired by the Involuntary Transferee for a purchase price equal to the lesser of (i) the Fair Market Value of such shares of Company Stock on the date of transfer to the Involuntary Transferee and (ii) the amount of the Indebtedness or other liability that would be extinguished as a result of the Involuntary Transfer plus the excess, if any, of the Carrying Value of such shares of

Company Stock over the amount of such Indebtedness or other liability that gave rise to the Involuntary Transfer. It is understood that this Section 3.2 shall not apply to any Involuntary Transfer upon death or Disability; provided, however, subject to Section 3.1(e) and Article VI, in the case of any Transfer of title or beneficial ownership of shares of Company Stock upon death, including as a result of the laws of descent, the transferee shall become a party to this Agreement (to the same extent as contemplated with respect to the transferor Stockholder).

Notwithstanding the foregoing, the Board of Directors may, for good cause shown by the holder of shares of Company Stock who made the Involuntary Transfer, determine that payment of a purchase price equal to the Fair Market Value of such shares of Company Stock on the date of transfer to the Involuntary Transferee would be appropriate under the circumstances, and direct that payment be made in such amount.

#### **ARTICLE IV TAG-ALONG RIGHTS; RIGHT OF FIRST OFFER**

##### *4.1 Tag-Along Rights Generally.*

(a) Until the occurrence of a Qualified Public Offering, subject to the restrictions on Transfer set forth in Section 3.1 hereof and subject to Section 4.3 hereof, in the case of a proposed Transfer of five percent (5%) or more of the shares of Company Stock held by Trimaran (the “**Transferring Stockholder**”) (a “**Tag-Along Transfer**”), each other Stockholder may exercise tag-along rights in accordance with the terms, conditions and procedures set forth herein (any Stockholder exercising such rights, a “**Tagging Stockholder**”).

(b) The Transferring Stockholder shall promptly give notice (a “**Tag-Along Notice**”) to each Stockholder of any Tag-Along Transfer, setting forth the number of shares of Company Stock proposed to be Transferred, the name and address of the Transferee, the proposed amount and form of consideration for shares of Company Stock, and any other material terms and conditions of the Tag-Along Transfer. Each Stockholder shall have a period of thirty (30) days from the date of the Tag-Along Notice within which to elect to sell up to its Pro Rata Portion of shares of Company Stock in connection with such Tag-Along Transfer. Any Stockholder may exercise such right by delivery of an irrevocable written notice to the Transferring Stockholder specifying the number of shares of Company Stock such Stockholder desires to include in the Tag-Along Transfer, accompanied by (i) any certificates representing such shares, duly endorsed, to be held in escrow pending the Tag Along Transfer (or if the Tagging Stockholder wishes to Transfer shares underlying Exchange Options, an exercise notice and the exercise price) and (ii) a limited power of attorney authorizing the Transferring Stockholder to sell or otherwise dispose of the applicable number of such Stockholder’s shares of Company Stock. If the Transferring Stockholder is unable to cause the Transferee to purchase all the shares of Company Stock proposed to be Transferred by the Transferring Stockholder and the Tagging Stockholders, then the number of shares of Company Stock each such Stockholder is permitted to sell in such Tag-Along Transfer

shall be scaled back pro rata based on the number of shares of Company Stock held by such Stockholder relative to the number of shares of Company Stock held by all Stockholders participating in such Tag-Along Transfer. The Transferring Stockholder shall have a period of sixty (60) days following the expiration of the thirty (30) day period mentioned above to sell all the shares of Company Stock agreed to be purchased by the Transferee, on the payment terms specified in the Tag-Along Notice.

(c) Each Tagging Stockholder shall agree (i) to make the same representations, warranties, covenants, indemnities and agreements to the Transferee as made by the Transferring Stockholders in connection with the Tag-Along Transfer (other than any non-competition or similar agreements or covenants that would bind the Tagging Stockholder or its Affiliates), and (ii) to the same terms and conditions to the transfer as the Transferring Stockholders agree. Notwithstanding the foregoing, however, all such representations, warranties, covenants, indemnities and agreements shall be made by each Transferring Stockholder and each Tagging Stockholder severally and not jointly, and any liability for breach of any such representations and warranties related to the Company shall be allocated among each Transferring Stockholder and each Tagging Stockholder pro rata based on the relative number of shares of Company Stock to be Transferred by each of them, and the aggregate amount of liability for each such Transferring Stockholder and Tagging Stockholder shall not exceed the U.S. dollar value of the total consideration to be paid by the Transferee to such Transferring Stockholder and Tagging Stockholder, respectively.

(d) Notwithstanding anything to the contrary, any Stockholder wishing to include any shares of Company Stock that are acquirable pursuant to the exercise of any vested Options (including Exchange Options, other vested Options and any Options that would vest upon the consummation of the Transfer giving rise to such tag along rights) in a Tag-Along Transfer must include in the notice of acceptance pursuant to Section 4.1(b) an irrevocable commitment to exercise such Options, subject only to the closing of the Transfer of Company Stock by the Transferring Stockholder; provided that Options which by their terms are forfeited prior to the applicable closing must be exercised prior to such forfeiture in order for the underlying shares of Company Stock to be included in a Tag-Along Transfer.

(e) In the event that any Trimaran Fund proposes to Transfer membership interests in Trimaran such that any other member of Trimaran would have tag-along rights pursuant to the LLC Agreement (a "LLC Tag-Along Transfer"), Trimaran shall give each Stockholder a Tag-Along Notice with respect to such proposed Transfer, and each Stockholder shall be permitted to tag-along to such LLC Tag-Along Transfer, in accordance with the applicable mechanics of Section 4.1(b); provided that (A) a Stockholder's "Pro Rata Portion" of shares of Company Stock shall mean a number of shares of Company Stock equal to the product of (y) (1) the number of shares of Company Stock (other than any Options) held by the tagging Stockholder plus (2) the number of shares of Company Stock issuable upon the exercise of any vested Options held by the tagging Stockholder and (z) a fraction, the numerator of which is the number of shares of Company Stock beneficially owned by the applicable Trimaran Fund(s) through ownership of the membership interests in Trimaran proposed to be Transferred in

connection with the applicable LLC Tag-Along Transfer and the denominator of which is the aggregate number of shares of Company Stock beneficially owned by the applicable Trimaran Fund(s) immediately prior to such LLC Tag-Along Transfer and (B) if the Trimaran Fund(s) is unable to cause the Transferee to purchase all the membership interests and shares of common stock proposed to be Transferred by the Trimaran Fund(s) and the tagging members and stockholders, then the number of shares of Company Stock each such Stockholder is permitted to sell in such LLC Tag-Along Transfer hereunder shall be scaled back pro rata based on the number of shares of Company Stock held by such Stockholder relative to the number of shares of Company Stock held directly or beneficially owned by all members and Stockholders participating in such LLC Tag-Along Transfer. Notwithstanding anything to the contrary, if in any LLC Tag-Along Transfer of Trimaran, any Trimaran Funds become aware that the proposed transferee in good faith is not willing to consummate such sale if shares of Company Stock held by any Stockholder are included in such sale (by virtue of the tag-along rights specified hereunder), then the Trimaran Funds shall be permitted to proceed with such sale (to the full extent of such LLC Tag-Along Transfer) without including any such shares of Company Stock, and Stockholders shall not have tag-along rights with respect to shares of Company Stock in such proposed Transfer of membership interests. In the event that any Stockholder participates in a LLC Tag-Along Transfer, the provisions of Sections 4.1(c) and 4.1(d) shall appropriately apply (it being understood that applicable references to “Tag-Along Transfer” therein shall be to the applicable LLC Tag-Along Transfer).

*4.2 Exceptions to Tag-Along Rights and Right of First Offer.* The provisions of Section 4.1 shall not be applicable to any Transfer of shares of Company Stock (a) from Trimaran to any Permitted Transferee thereof, (b) made in connection with the exercise by Trimaran of its rights under Article V, so long as Trimaran exercises such rights in full with respect to shares of Common Stock held by Management Stockholders, (c) made pursuant to a public offering of shares of Company Stock in connection with the exercise of rights pursuant to Article VII, (d) made in connection with an exchange or conversion of shares of Company Stock for shares of stock or other equity securities of the Company so long as Management Stockholders are given a commensurate right to exchange or convert shares of Common Stock, or (e) by the Trimaran Group to one or more Third Parties of a number of shares of Company Stock having a value of up to \$70 million (based on the Per Share Value) during the one (1) year period following the Closing; provided that in the event of a reclassification, stock split, reverse stock split, stock dividend or stock distribution the foregoing number of shares of Company Stock shall be correspondingly adjusted to provide the Trimaran Group the same economic effect contemplated by this provision prior to such event.

*4.3 Right of First Offer.*

(a) Following the five year restriction period set forth in Section 3.1(a)(iii) or if the directors of the Company consent to an earlier Transfer pursuant to Section 3.1(a)(iii), upon the receipt by any Stockholder (other than any member of the Trimaran Group) (“Transferor”) from a Third Party of a Bona Fide Offer to purchase or otherwise acquire (or if such Transferor has otherwise agreed to Transfer to a Third Party (other than in connection with a Qualified Public Offering)) all or a portion of Transferor’s shares of Company Stock (other than a Transfer pursuant to Section 4.2) which Transferor desires to accept, Transferor shall cause the Third Party’s

offer to be reduced to writing and shall provide a copy of such written notice of such Third Party's offer (the "**ROFO Notice**") to the Company, and the Company shall provide a copy thereof to Trimaran. The Company may, within thirty (30) days following its receipt of a ROFO Notice, elect to purchase from the Transferor all (but not less than all) of the shares of Company Stock held by such Transferor which are subject to such ROFO Notice (the "**Transferor Shares**") upon the same terms and conditions as the terms and conditions contained in the Third Party's offer (the "**Offer**"). To the extent the Company declines to elect to purchase such Transferor Shares, Trimaran shall have ten (10) Business Days from the end of such thirty (30) day period to elect to purchase collectively all (but not less than all) of such Transferor Shares. In the event the Company declines to purchase such Transferor Shares, the Company shall promptly notify Trimaran and the Transferor in writing of its decision.

(b) Following the five year restriction period set forth in Section 3.1(a)(iii) or if the directors of the Company consent to an earlier Transfer pursuant to Section 3.1(a)(iii), if neither the Company nor Trimaran shall have elected to purchase the Transferor Shares, the Transferor may sell, within sixty days following the thirty (30) day period referred to in Section 4.3(a), to such Third Party all (but not less than all) of the Transferor Shares, for the purchase price and on the other terms and conditions contained in the Offer subject to the conditions of this Article IV. If the Company or Trimaran shall elect to purchase the Transferor Shares, the closing of the purchase and sale pursuant to such acceptance shall take place at a time and date to be determined by the Transferor and the Company or the Trimaran, as the case may be.

## ARTICLE V

### DRAG-ALONG RIGHTS AND RIGHT TO COMPEL QUALIFIED PUBLIC OFFERING

#### 5.1 Drag-Along Rights.

(a) If (i) the Trimaran Group (the "**Selling Stockholders**") agree to Transfer, in any single or series of related transactions, greater than fifty percent (50%) of the aggregate number of the shares of Company Stock held by the Selling Stockholders to a non-affiliated third party or (ii) the Selling Members (as defined in the LLC Agreement) exercise drag-along rights pursuant to Section 8.04 of the LLC Agreement (an "**LLC Drag**", and (i) and (ii) collectively, "**Drag-Along Transfers**"), the Selling Stockholders may exercise drag-along rights in accordance with the terms, conditions and procedures set forth herein.

(b) Trimaran shall promptly give notice (a "**Drag-Along Notice**") to each other Stockholder (the "**Drag-Along Stockholder**") of any election by the Selling Stockholders to exercise their drag-along rights under this Section 5.1, setting forth the name and address of the transferee, the total number of shares of Company Stock proposed to be Transferred by the Selling Stockholders (or Membership Units by the Selling Members in the case of a LLC Drag), the proposed amount and form of consideration for such shares of Company Stock (or Membership Units, in the case of a



LLC Drag), and all other material terms and conditions of the Drag-Along Transfer. Such notice shall also specify the number of shares of Company Stock such Drag-Along Stockholder shall be required to transfer, up to such Drag-Along Stockholder's Pro Rata Portion of shares of Company Stock. Any transfer of Company Stock by a Drag-Along Stockholder pursuant to the terms hereof shall be at the price per share of Company Stock specified in the Drag-Along Notice (or in the case of a LLC Drag, at the Company Stock Equivalent Price). Within ten (10) days of the Drag-Along Notice, each Stockholder (other than members of the Trimaran Group) shall deliver to Trimaran (i) any certificates representing the shares subject to the Drag-Along Transfer, duly endorsed, to be held in escrow pending the Drag-Along Transfer and (ii) a limited power of attorney authorizing the Selling Stockholder to sell or otherwise dispose of the applicable number of such Stockholder's shares of Company Stock.

(c) Each Drag-Along Stockholder must agree (i) to make the same representations, warranties, covenants, indemnities and agreements as made by the Selling Stockholders (or Selling Members, in the LLC Drag) in connection with the Drag-Along Transfer (other than any non-competition or similar agreements or covenants that would bind the Drag-Along Stockholder or its Affiliates), and (ii) to the same terms and conditions to the transfer as the Selling Stockholders agree. Notwithstanding the foregoing, however, all such representations, warranties, covenants, indemnities and agreements shall be made by each Selling Stockholder (or Selling Member, in the case of a LLC Drag) and Drag-Along Stockholder severally and not jointly and any liability for breach of any such representations and warranties related to the Company shall be allocated among each Selling Stockholder (or Selling Member, in the case of a LLC Drag) and Drag-Along Stockholder pro rata based on the relative number of shares of Company Stock Transferred by each of them (which in the case of a LLC Drag, shall be determined by the Board of Directors taking into account the relative capitalizations of the Company and Trimaran), and the aggregate amount of liability for each such Selling Stockholder (or Selling Member in the case of a LLC Drag) and Drag-Along Stockholder shall not exceed the U.S. dollar value of the total consideration to be paid by the Transferee to such Selling Stockholder (or Selling Member, in the case of a LLC Drag) and Drag-Along Stockholder, respectively.

(d) In the event that any transfer pursuant to this Section 5.1 is structured as a merger, consolidation, or similar business combination, each Drag-Along Stockholder must further agree to (i) vote in favor of the transaction, (ii) take such other action as may be required to effect such transaction, and (iii) take all action to waive any dissenters, appraisal or other similar rights with respect thereto. In the event that any transaction that is subject to a LLC Drag is structured as a merger, consolidation, or similar business combination, each Selling Stockholder agrees to Transfer its Pro Rata Portion of shares of Company Stock in connection with such transaction.

(e) Solely for purposes of Section 5.1(d) and in order to secure the performance of each Stockholder's obligations under Section 5.1(d), each Stockholder hereby irrevocably appoints Trimaran as its the attorney-in-fact and proxy of such Stockholder (with full power of substitution) to vote, provide a written consent or take any other action with respect to its shares of Company Stock as described in this

paragraph if, and only in the event that, such Stockholder fails to vote or provide a written consent with respect to its shares of Company Stock in accordance with the terms of Section 5.1(d)(i) or fails to take any other action in accordance with the terms of Section 5.1(d)(ii) or Section 5.1(d)(iii) (each such Stockholder, a “**Breaching Drag-Along Stockholder**”) within three (3) days of a request for such vote, written consent or action. Upon such failure, Trimaran shall have and is hereby irrevocably granted a proxy to vote or provide a written consent with respect to each such Breaching Drag-Along Stockholder’s shares of Company Stock for the purposes of taking the actions required by Section 5.1(d). Each Stockholder intends this proxy to be, and it shall be, irrevocable and coupled with an interest, and each Stockholder shall take such further action and execute such other instruments as may be necessary to effectuate the intent of this proxy and hereby revoke any proxy previously granted by it with respect to the matters set forth in Section 5.1(d) with respect to the shares of Company Stock owned by such Stockholder.

(f) If any Drag-Along Stockholder fails to transfer to the Drag-Along Buyer the shares of Company Stock to be sold pursuant to this Section 5.1, the Selling Stockholders may, at their option, in addition to all other remedies they may have, deposit the purchase price (including any promissory note constituting all or any portion thereof) for such shares of Company Stock with any national bank or trust company having combined capital, surplus and undivided profits in excess of \$500 million (the “**Escrow Agent**”), and thereupon all of such Drag-Along Stockholder’s rights in and to such shares of Company Stock shall terminate. Thereafter, upon delivery to the Company by such Drag-Along Stockholder of appropriate documentation evidencing the transfer of such shares of Company Stock to the drag-along Transferee, the Selling Stockholders shall instruct the Escrow Agent to deliver the purchase price (without any interest from the date of the closing to the date of such delivery, any such interest to accrue to the Company) to such Drag-Along Stockholder.

(g) Notwithstanding anything to the contrary, each Stockholder holding vested Options to acquire Common Stock (including any Exchange Options, other vested Options and Options that would vest upon the consummation of the Drag-Along Transfer) agrees to provide to Trimaran, upon delivery of the Drag-Along Notice, an irrevocable commitment to exercise vested Options exercisable into a number of shares of Common Stock equal to (x) such Stockholder’s Pro Rata Portion of shares of Company Stock, less (y) the number of shares of Common Stock held by such Stockholder (which are to be included in the applicable Drag-Along Transfer); provided that if any vested Options or Options that would vest upon consummation of the Drag-Along Transfer, which a Stockholder is otherwise obligated to exercise pursuant to the foregoing, are not “in the money,” such Stockholder shall not be obligated to exercise such Options for cash; provided however, that any such “out of the money” options required to be included in such Drag-Along Transfer pursuant to the foregoing shall be cancelled without any consideration paid therefor and be deemed included in such Drag-Along Transfer; provided, further, however that a Stockholder shall be obligated to include and exercise all “in the money” Options held by such Stockholder prior to including any “out of the money” Options for purposes of determining which Options are required to be exercised and included in such Drag-Along Transfer).

(h) Any Transfer of shares of Company Stock by Trimaran or Membership Units by the Trimaran Funds in each case subject to Drag-Along Transfers may be structured as an auction and may be initiated by the delivery to the Company and the other Stockholders of a written notice that Trimaran or the Trimaran Funds, as the case may be, has elected to initiate an auction sale procedure. Trimaran or the Trimaran Funds, as the case may be, shall be entitled to take all steps reasonably necessary to carry out an auction of the Company and its Subsidiaries, including, without limitation, selecting an investment bank, providing confidential information (pursuant to confidentiality agreements), selecting the winning bidder and negotiating the requisite documentation. The Company and each Stockholder shall provide assistance with respect to these actions as reasonably requested.

(i) Any transaction costs, including transfer taxes and legal, accounting and investment banking fees incurred by the Company and Trimaran in connection with a Transfer of shares of Company Stock covered by this Section 5.1 (including pursuant to clause (h) above) shall, unless the applicable purchaser refuses, be borne by the Company (or the LLC, as applicable) in the event of a merger, consolidation or sale of assets and shall otherwise be borne by the Stockholders on a pro rata basis based on the consideration received by each Stockholder with respect to such transaction.

#### *5.2 Rights to Compel a Qualified Public Offering.*

(a) Trimaran may at any time, in its sole discretion, cause the Company to effect a Qualified Public Offering. A Qualified Public Offering may include, at Trimaran's option, the secondary sale of shares of Company Stock or other equity interests in the Company, any of its Subsidiaries or their successors then held by Trimaran, subject to Sections 7.2 and 7.3.

(b) In the event that Trimaran elects to exercise its rights pursuant to Section 5.2(a) above, Trimaran shall have the right to designate all of the material terms of such Qualified Public Offering (e.g., the underwriters, if any, to be retained by the Company in connection therewith, the securities exchanges or national market systems, if any, where the Company's equity would be listed for trading, the price, timing and other terms of the proposed public offering, etc.). In addition, in the event that Trimaran elects to exercise its rights contemplated pursuant to Section 5.6(a) above, then Trimaran may, at its option, require the remaining Stockholders to vote in favor of any amendment(s) to this Agreement which are reasonably requested by any underwriter retained in connection with such Qualified Public Offering; provided that the remaining Stockholders shall not be required to consent to any amendment to this Agreement that would adversely affect their rights under this Agreement. In particular, in the event of any such proposed Qualified Public Offering, upon any request by Trimaran, each of the Stockholders shall use its respective best efforts (i) to call, or cause the Board of Directors and the appropriate officers of the Company to call, a special meeting of the stockholders of the Company to consider approval of such proposed amendment(s), and (ii) vote in favor of such proposed amendment(s) all of the shares of Company Stock owned or held of record by such Stockholder (to the extent entitled to vote), at each regular or special meeting of the stockholders of the Company called for the purpose of

voting on such matter, or in any written consent executed in lieu of such a meeting of stockholders, and shall take all actions reasonably necessary to ensure that all necessary stockholder approvals for such amendment(s) and such Qualified Public Offering are obtained.

## ARTICLE VI

### CALL AND PUT RIGHTS ON MANAGEMENT STOCK

#### 6.1 *Call Rights.*

(a) Voluntary Termination or Termination for Cause. If, prior to a Qualified Public Offering, a Management Stockholder's employment with the Company or any of its Subsidiaries is terminated by reason of Voluntary Termination (other than Retirement) or for Cause, then the Company shall have the right, for seventy-five (75) days following the date of termination of such employment and subject in each case to the provisions of Section 6.4, to give notice to purchase or cause to be purchased from such Management Stockholder and his or her Permitted Transferees, and such Management Stockholder and his or her Permitted Transferees shall be required to sell on one occasion to the Company, all shares of Company Stock then held by such Person(s), or which may be acquired upon exercise of Options or Exchange Options subsequent to such termination, at a price equal to the lesser of Cost or the Fair Market Value of all such shares of Company Stock. All shares of Common Stock acquired by such Management Stockholder pursuant to an exercise of Options in accordance with the terms of the applicable Options or the Company Option Plan upon such termination shall be subject to the call right described above.

(b) Termination for any other Reason. If, prior to a Qualified Public Offering, a Management Stockholder's employment with the Company or any of its Subsidiaries is terminated by death, Disability or Retirement or any other reason not covered by Sections 6.1(a), then the Company shall have the right, for seventy-five (75) days following the date of termination of such employment and subject in each case to the provisions of Section 6.4, to give notice to purchase or cause to be purchased from such Management Stockholder and his or her Permitted Transferees, and such Management Stockholder and his or her Permitted Transferees shall be required to sell on one occasion to the Company, all shares of Company Stock then held by such Person(s), or which may be acquired upon exercise of Options or Exchange Options subsequent to such termination, at a price equal to the Fair Market Value of such shares of Company Stock. All shares of Company Stock acquired by such Management Stockholder pursuant to an exercise of Options in accordance with the terms of the applicable Options or the Company Option Plan upon such termination shall be subject to the call right described above.

(c) Notice of Exercise; Closing. If the Company (or its designee) desires to exercise its right to purchase shares of Company Stock pursuant to its rights under this Section 6.1, the Company (or its designee) shall, not later than the expiration date of the seventy-five (75) day call period referred to in Section 6.1 (a) and

(b) above (as it may be extended pursuant to the provisions of Section 6.4), send written notice of its intention to purchase or cause to be purchased all of the shares of Company Stock held by such Management Stockholder and his or her Permitted Transferees pursuant to this Section 6.1. Subject in each case to the provisions of Section 6.4, the closing of the purchase shall take place at the principal office of the Company ten (10) days following the giving of such notice or as soon thereafter as practicable but in no event later than twenty (20) days after the giving of such notice. The purchase price shall be paid in accordance with Section 6.5.

6.2 Obligation to Sell Several. In the event that any Management Stockholder has transferred any shares of Company Stock to any Permitted Transferee, the failure of any one member of such group to perform its obligations hereunder shall not excuse or affect the obligations of any other member thereof, and the closing of the purchases from such other members by the Company (or its designee) shall not excuse, or constitute a waiver of the Company's rights, if any, against, the defaulting member(s).

### 6.3 Put Rights.

(a) Termination other than Voluntary, for Cause or Death. If, prior to a Qualified Public Offering, a Management Stockholder's employment with the Company or any of its Subsidiaries is terminated as a result of a resignation by such Management Stockholder for Good Reason (but excluding Retirement if included within any definition of Good Reason) or by the Company or any of its Subsidiaries without Cause, or by death or Disability, then the Management Stockholder shall have the right, for seventy-five (75) days following the date of termination of such employment and subject in each case to the provisions of Section 6.4, to give notice to the Company to purchase from such Management Stockholder and his or her Permitted Transferees, and the Company shall be required to purchase on one occasion from such Management Stockholder and his or her Permitted Transferees, all shares of Company Stock then held by such Person(s), or which may be acquired upon exercise of Options or Exchange Options subsequent to such termination, at a price equal to the Fair Market Value of such shares of Company Stock. All shares of Common Stock acquired by such Management Stockholder pursuant to an exercise of Options in accordance with the terms of the applicable Options or the Company Option Plan upon such termination shall be subject to the put right described above.

(b) Notice of Exercise; Closing. If the Management Stockholder desires to exercise its right to sell shares of Company Stock pursuant to its rights under this Section 6.3, then the applicable Management Stockholder shall, not later than the expiration date of the seventy-five (75) day put period referred to in Section 6.3 (a) above (as it may be extended pursuant to the provisions of Section 6.4), send written notice of its intention to sell all of the shares of Company Stock held by such Management Stockholder and his or her Permitted Transferees pursuant to this Section 6.3. Subject in each case to the provisions of Section 6.4, the closing of the purchase shall take place at the principal office of the Company ten (10) days following the giving of such notice or as soon thereafter as practicable but in no event later than twenty (20) days after the giving of such notice. The purchase price shall be paid in accordance with Section 6.5.

#### 6.4 Deferral of Purchases.

(a) Events of Deferral. The Company (and its designee) shall not be obligated to purchase or cause to be purchased any shares of Company Stock, at any time pursuant to this Article VI, regardless of whether it has delivered a notice of its election to purchase any such shares of Company Stock pursuant to Section 6.1, (x) to the extent that the purchase of such shares of Company Stock would give rise to or result in a Violation, (y) if immediately prior to the time of purchase there exists, or if immediately after giving effect to such purchase there would exist, a Financing Default or (z) if the Board of Directors determines in its good faith judgment that such purchase would not be prudent in light of the financial condition or prospects of the Company (a “**Financial Condition Rationale**”).

(b) Extension of Call and Put Periods. The period during which the Company (or its designee) shall have the obligation or right to purchase or cause to be purchased shares of Company Stock pursuant to the exercise of any right to purchase or sell shares of Company Stock pursuant to Section 6.1 (a “**Call Right**”) or Section 6.3 (a “**Put Right**”), shall be extended in the event the Board of Directors in good faith determines that any Violation, Financing Default or a Financial Condition Rationale exists or would result as a result of any purchase of shares of Company Stock pursuant to this Article VI to the date that is one hundred twenty (120) days after the Board of Directors determines that such is no longer the case; provided, that in order to exercise such rights to delay its purchase of Company Stock pursuant to a Call Right the Company (or its designee) must have given notice of its intention to exercise its Call Rights within one hundred twenty (120) days from the date of the Management Stockholder’s termination of employment.

6.5 Payment. The purchase price of shares of the Company Stock to be purchased by the Company (or its designee) pursuant to this Article VI will be paid by (a) at the Company’s option, the cancellation of Indebtedness owing from the Management Stockholder to the Company or any of its Subsidiaries, if any, and (b) then by the Company’s delivery of a bank cashier’s check or certified check for the remainder of the purchase price, if any, against delivery of the certificates or other instruments representing the shares of Company Stock so purchased, Duly Endorsed; provided, that in the event (x) that the Company does not have sufficient cash flow, or it would not otherwise be prudent in light in the financial condition or prospects of the Company, to finance the payment of such purchase price referred to in clause (b) above, as determined in good faith by the Board of Directors, or (y) that the Company is not permitted, as a result of a Violation or pursuant to the provisions of any Indebtedness of the Company or any of its Subsidiaries, to pay cash in payment of such purchase price referred to in clause (b) above, but is permitted, pursuant thereto and pursuant to all other credit obligations of the Company, to issue a note in exchange for such shares of Company Stock then, in any of such events, the Company (or its designee) may, at its option, pay for such purchase price with the delivery of a junior, subordinated promissory note

bearing interest at an annual rate equal to the then applicable rate the Company is paying on its primary revolving line of credit, plus one percent (1%), compounded annually, due on the third anniversary of the date of issuance thereof (or such later date as may be required by any financing agreement to which the Company is a party, Violation or Financing Default) for the remainder of the purchase price, if any. The Company (or its designee) shall have the rights set forth in subsections (a) and (b) of the first sentence of this Section 6.5 whether or not any Permitted Transferee(s) of the Management Stockholder owing amounts to the Company or its Subsidiaries, if applicable, is itself an obligor of the Company or its Subsidiaries.

6.6 *Miscellaneous*. Notwithstanding anything to the contrary set forth in this Agreement, (a) the Company shall be permitted to reach any agreement with any Management Stockholder (or his or her estate, as the case may be) concerning the purchase of such Stockholder's shares of Company Stock, and (b) the Company, in its sole discretion, shall have the right, but not the obligation, to assign any of its rights, and delegate any of its obligations, to purchase any shares of Company Stock of any Management Stockholder (or his or her estate, as the case may be) pursuant to this Article VI to any employee stock ownership plan or similar compensation or benefit plan that the Company may have, or to any Subsidiary or employee of the Company (or any combination of the foregoing).

## ARTICLE VII

### REGISTRATION RIGHTS

#### 7.1 *Demand Registration Rights*.

(a) Subject to Section 7.1(c) below, upon written notice after one hundred eighty (180) days following the occurrence of a Qualified Public Offering (or such shorter period pursuant to which the underwriters require the Stockholders to be "locked-up" pursuant to Section 7.12), from any member of the Trimaran Group (the "**Requesting Stockholder**" and any Registrable Securities thereof to be included in such demand, the "**Demand Securities**"), the Company shall use all reasonable efforts to effect at the earliest possible date and maintain a registration of Registrable Securities held by the Requesting Stockholder, its Permitted Transferees and any underwriter with respect to such Registrable Securities, in accordance with the intended method or methods of disposition specified by the Requesting Stockholder (including, but not limited to, an offering on a delayed or continuous basis pursuant to Rule 415 (or any successor rule) promulgated under the Securities Act); provided, that if, after a Registration request pursuant to this Section 7.1 has been made, the Company has determined in good faith, after consultation with its outside legal counsel, that the filing of a Registration request would require the disclosure of material information which the Company has a bona fide business purpose for preserving as confidential, the Company shall not be obligated to effect a Registration pursuant to this Section 7.1 until the earlier of (A) the date upon which such material information is disclosed to the public by the Company or ceases to be material, or (B) forty-five (45) days after such good faith determination; provided, further, that the Requesting Stockholder shall not have the right

to utilize the services of an underwriter unless the anticipated gross proceeds of the shares of Company Stock to be offered exceed \$25 million. The Requesting Stockholder requesting a Registration under this Section 7.1 may, at any time prior to the effective date of the registration statement relating to such Registration, revoke such request by providing written notice thereof to the Company.

(b) In connection with any Registration requested pursuant to this Section 7.1, (i) the Requesting Stockholder shall have the right, subject to Section 7.1(a), to designate the managing underwriter(s) and (ii) the Company shall take such other actions, including, without limitation, listing such shares of Company Stock for trading on any securities exchange or national market system (to the extent such shares are not then listed on a securities exchange or national market system) and registering or qualifying such shares of Company Stock under state securities laws, as may be reasonably requested by the Requesting Stockholder. If the Requesting Stockholder consents to the inclusion of offers and sales of any other securities in a Registration of shares of Company Stock by the Requesting Stockholder pursuant to this Section 7.1 and the underwriter(s) retained in connection with such Registration advise the Company in writing that such offering would be materially and adversely affected by the inclusion of such securities, the Requesting Stockholder may in its sole discretion exclude all or some of such securities from such offering; provided that this sentence shall not apply to shares of Company Stock included in any such Registration pursuant to the exercise of rights pursuant to Section 7.2.

(c) Notwithstanding anything to the contrary, any Registration requested by the Requesting Stockholder pursuant to this Section 7.1 shall not be deemed to have been effected (and, therefore, not requested for purposes of this Section 7.1(c)), (x) unless it has become effective, provided, that a registration which does not become effective after the Company has filed a registration statement with respect thereto solely by reason of the refusal to proceed by the Requesting Stockholder (other than a refusal to proceed based upon the advice of counsel relating to a matter with respect to the Company) shall be deemed to have been effected by the Company at the request of such Requesting Stockholder unless the Requesting Stockholder shall have elected to pay all Registration Expenses in connection with such registration, (y) if after it has become effective such Registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason other than a misrepresentation or an omission by the Requesting Stockholder and, as a result thereof, the shares of Company Stock requested to be registered cannot be completely distributed in accordance with the plan of distribution set forth in the related registration statement or (z) if the closing pursuant to the purchase agreement or underwriting agreement entered into in connection with such Registration does not occur. Any Registration of Registrable Securities effected pursuant to Section 7.2 by a Stockholder exercising its rights pursuant to Section 7.2 shall not be deemed to have been requested by a Requesting Stockholder for purposes of this Section 7.1(c).

*7.2 Piggyback Registration Rights.* If (i) the Trimaran Group proposes to cause the Company to effect a Qualified Public Offering pursuant to Section 5.2 hereof or (ii) at any time following the consummation of a Qualified Public Offering



the Company proposes to effect a Registration, whether or not for sale for its own account and (subject to the provisions of Section 7.1 above) whether or not pursuant to the exercise of any of the demand registration rights referred to in Section 7.1 hereof, the Company will each such time, subject to the provisions of Sections 7.1 and 7.2(c), give prompt written notice to all Stockholders (and such other Persons granted such piggyback registration rights) of record of Registrable Securities of its intention to do so and of the rights under this Article VII of such Stockholder (and such other Persons granted such piggyback registration rights), at least ten (10) days prior to the anticipated filing date of the registration statement relating to such Registration; provided that Stockholders holding vested Options (including Exchange Options) may not register any Options pursuant to this Article VII but Holders may exercise "piggyback registration rights" under this Article VII with respect to any shares of Company Stock received by such Person upon the exercise of Options prior to the applicable Registration. Such notice shall offer all such Stockholders (and such other Persons granted such piggyback registration rights) the opportunity to include in such registration statement such number of Registrable Securities as each such Stockholder may request. Upon the written request of any such Stockholder (or such other Persons granted such piggyback registration rights) made within ten (10) days after the receipt of the Company's notice (which request shall specify the number of Registrable Securities intended to be disposed of by such Stockholder), the Company will use its best efforts to effect the Registration under the Securities Act and the qualification under any applicable state securities or blue sky laws of all Registrable Securities which the Company has been so requested to register by the Stockholders thereof, to the extent required to permit the disposition (in accordance with such intended methods thereof) of the Registrable Securities so requested to be registered; provided, that:

(a) if such Registration involves an underwritten public offering, all Stockholders requesting that their Registrable Securities be included in the Company's Registration must, upon request by the underwriter(s), sell their Registrable Securities to such underwriter(s) selected by the Company (or the Requesting Stockholders in accordance with Section 7.1, as the case may be) on the same terms and conditions as apply to the Company or any selling security holder (or on equivalent terms and conditions, in the event that such Requesting Stockholders hold different securities from those being sold by the Company or such selling security holder), including, without limitation, executing and delivering such underwriting agreements or other related agreements to which the Company or any such selling security holder has agreed to execute and deliver;

(b) if, at any time after giving written notice of its intention to register any securities pursuant to this Section 7.2 and prior to the effective date of the registration statement filed in connection with such Registration, the Company shall determine for any reason not to register such securities, the Company shall give written notice to all Stockholders of Registrable Securities and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such Registration (without prejudice, however, to the rights of the Stockholders immediately to request that such registration be effected as a Registration under Section 7.1);

(c) if a Registration pursuant to this Section 7.2 involves an underwritten public offering, any Stockholder holding Registrable Securities requesting to be included in such Registration may elect, in writing at least seven (7) days prior to the effective date of the registration statement filed in connection with such Registration, not to register such securities in connection with such Registration;

(d) the Company shall not be required to effect any Registration of shares of Company Stock under this Section 7.2 incidental to the registration of any of its securities in connection with mergers, acquisitions, exchange offers, subscription offers, dividend reinvestment plans or stock option or other executive or employee benefit or compensation plans (including, without limitation, any registration of securities on a Form S-4 or S-8 registration statement or any successor or similar forms), other than in connection with an employee stock ownership plan meeting the requirements of § 1042 of the Code and involving an acquisition by an employee stock ownership plan of more than 30% of the outstanding shares of Common Stock calculated on a fully-diluted basis (excluding any unexercised options); and

(e) no Registration of shares of Company Stock effected under this Section 7.2 shall relieve the Company of its obligation to effect a Registration of shares of Company Stock pursuant to Section 7.1.

### 7.3 Priority in Piggyback Registrations.

(a) Except as set forth in Sections 7.3(b) and (c), if at any time following a Qualified Public Offering (or in connection with a Qualified Public Offering as contemplated in Section 7.3(d) below) the Company proposes to effect another Registration in connection with an underwritten offering (including any Registration pursuant to the exercise of any of the demand registration rights referred to in Section 7.1), including any Registration for the Company's account, and the managing underwriter(s) advise the Company in writing that, in its or their judgment, the number of shares of equity securities of the Company (including all shares of Registrable Securities) which the Company, the Stockholders and any other persons intend to include in such Registration exceeds the largest number of securities which can be sold without having an adverse effect on such offering, including the price at which such securities can be sold, the Company shall include in such Registration:

(i) first, all securities the Company proposes to sell for its own account (the "**Company Securities**") except if such Registration of shares of Company Stock is pursuant to a demand registration by a Stockholder (entitled to such demand) pursuant to Section 7.1, in which case such demanding Stockholder shall have first priority and the Company shall have second priority;

(ii) thereafter, to the extent that the number or dollar amount of the Company Securities to be offered by the Company (or the Company and any Person exercising demand rights pursuant to Section 7.1), if any, is less than the number of shares of securities which

the Company has been advised can be sold in such offering without having the adverse effect referred to above, all Piggyback Securities requested to be sold by any Stockholder; provided, that if the number of the Company Securities, Demand Securities and Piggyback Securities exceeds the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to above, the number of such Piggyback Securities that may be included by each such Stockholder in such offering shall be the product of (x) the total number of Piggyback Securities that are capable of being sold in such offering without having the adverse effect referred to above, times (y) a fraction, (1) the numerator of which shall be the number of Registrable Securities held or deemed to be held by each such requesting Stockholder that such Stockholder has requested to be included in such Registration and (2) the denominator of which shall be the aggregate number of Registrable Securities held or deemed to be held on such date by the requesting Stockholders that such Stockholders have requested to be included in such Registration; provided, further, that in the event any such Stockholder desires to include fewer shares of Registrable Securities in such offering than such Stockholder has been so allocated, the resulting number of remaining available shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to above, shall be allocated among the other Stockholders entitled to include their Registrable Securities as set forth in this Section 7.3(a)(ii) in accordance with the formula set forth above; provided, further, that such process of remainder allocation shall be applied iteratively until such time as all requesting holders shall be satisfied; and

(iii) third, to the extent that the number of Company Securities, Demand Securities and Piggyback Securities held by Stockholders is less than the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to above, the equity securities requested to be sold for the account of any other Persons (allocated among the Persons holding such other securities in such proportions as such Persons and the Company may agree).

(b) Notwithstanding anything contained in Section 7.3(a), in the event of a demand registration by the Trimaran Group which is the first demand registration by the Trimaran Group, the Company shall include in such Registration:

(i) first, all Demand Securities proposed to be sold by the Trimaran Group;

(ii) second, to the extent that the number of Demand Securities is less than the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to in Section 7.3(a), all Company Securities requested to be sold by the Company;

(iii) third, to the extent that the number of Company Securities and Demand Securities and Piggyback Securities is less than the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to in Section 7.3(a), all Piggyback Securities requested to be sold by any Stockholder; provided, that if the number of the Piggyback Securities requested to be sold by such Stockholders exceeds the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to in Section 7.3(a), the number of such Piggyback Securities that may be included by each such Stockholder in such offering shall be determined in a manner consistent with the calculation set forth in Section 7.3(a)(ii); and

(iv) fourth, to the extent that the number of Company Securities, Demand Securities and Piggyback Securities held by Stockholders is less than the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to in Section 7.3(a), the equity securities requested to be sold for the account of any other Persons (allocated among the Persons holding such other securities in such proportions as such Persons and the Company may agree).

(c) Notwithstanding anything contained in Section 7.3(a), in the event of a demand registration by the Trimaran Group which is not the first demand registration by the Trimaran Group, the Company shall include in such Registration:

(i) first, all Demand Securities proposed to be sold by the Trimaran Group and all Piggyback Securities requested to be sold by any Stockholder; provided, that if the number of the Demand Securities and Piggyback Securities exceeds the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to in Section 7.3(a), the number of such Demand Securities and Piggyback Securities that may be included by each such Stockholder in such offering shall be determined in a manner consistent with the calculation set forth in Section 7.3(a)(ii) except that each reference to “Piggyback Securities” in such calculation shall be deemed to be a reference to “Demand Securities and Piggyback Securities”;

(ii) second, to the extent that the number of Demand Securities and Piggyback Securities held by Stockholders is less than the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to in Section 7.3(a), all Company Securities requested to be sold by the Company; and

(iii) third, to the extent that the number of Company Securities, Demand Securities and Piggyback Securities held by Stockholders is less than the number of shares of securities which the Company has been advised can be sold in such offering without having the adverse effect referred to in Section 7.3(a), the equity securities requested to be sold for the account of any other Persons (allocated among the Persons holding such other securities in such proportions as such Persons and the Company may agree).

(d) Notwithstanding any rights provided in this Article VII, in any Qualified Public Offering which affords any Stockholder the right to sell shares of Company Stock, all Stockholders shall be entitled to the rights set forth in Section 7.2 and Section 7.3(a) above as if the offering occurred following a Qualified Public Offering.

*7.4 Expenses.* The Company will pay all Registration Expenses in connection with each Registration of Registrable Securities requested pursuant to this Article VII (including any Registration deemed not to be “effected” under Section 7.1(c) or not consummated as contemplated by Section 7.2(b)) and any other actions that may be taken in connection with any such Registration as contemplated by this Article VII; provided, that the Company will not be obligated to pay any underwriting discounts or commissions or transfer taxes, if any, relating to the sale or disposition of securities sold by Persons other than the Company pursuant to any such Registration.

*7.5 Restrictions on Public Sale by Stockholders and Company.*

(a) In connection with any offering of securities of the Company, including, without limitation, any offering contemplated by this Article VII, each Stockholder agrees that, whether or not such Stockholder’s Registrable Securities are included in such Registration, it will consent and agree to comply with any “hold back” restriction, relating to shares of Company Stock or any other securities of the Company then owned by such Stockholder, that may be reasonably requested by the underwriter(s) or placement or other selling agent(s) of such offering, not to exceed one hundred and eighty (180) days in the case of the Company’s initial public offering, or ninety (90) days in any subsequent public offering. Without limitation to the foregoing, each Stockholder shall, upon request by such underwriter(s) or agent(s), agree not to effect any public sale or distribution, including any sale pursuant to Rule 144 under the Securities Act, of any Registrable Securities, and not to effect any such public sale or distribution of any other equity security of the Company or of any security convertible into or exchangeable or exercisable for any equity security of the Company (in each case, other than as part of such underwritten public offering) during the thirty (30) days prior to, and during the one hundred eighty (180) day period (or such shorter period as required by the underwriters) beginning on, the effective date of such registration statement (except as part of such Registration).

(b) If any Registration of Registrable Securities pursuant to Article VII shall be in connection with an underwritten public offering, the Company agrees, if requested by the underwriter(s) or placement or other selling agent(s), (i) not to effect any public sale or distribution of any of its equity securities or of any security convertible into or exchangeable or exercisable for any equity security of the Company (other than any such sale or distribution of such securities in connection with any merger or consolidation by the Company or its Subsidiaries or in connection with the purchase of all or substantially all the assets of any other Person or in connection with an employee stock option or other benefit plan) during the thirty (30) days prior to, and during the one hundred eighty (180) day period beginning on, the effective date of such registration statement (except as part of such Registration) in the case of the Company's initial public offering, or ninety (90) days in any subsequent public offering and (ii) that any agreement entered into after the date of this Agreement pursuant to which the Company issues or agrees to issue any privately placed equity securities shall contain a provision under which holders of such securities agree not to effect any public sale or distribution of any such securities during the period referred to in the foregoing clause (i) or during any of the periods referred to in Section 7.5(a) above, including any sale pursuant to Rule 144 under the Securities Act (except as part of such Registration, if permitted).

(c) In connection with any offering of securities of the Company contemplated by this Article VII, the Company shall take such other actions in connection therewith as may be necessary or appropriate, including, without limitation, entering into customary underwriting arrangements and agreeing to indemnify any Requesting Stockholder or any other Stockholder selling shares of Company Stock in such offering.

*7.6 Indemnification by the Company.* In the event of any Registration of any securities of the Company under the Securities Act pursuant to Article VII, the Company will, and it hereby does, indemnify and hold harmless, to the full extent permitted by law, each of the Stockholders holding any Registrable Securities covered by such registration statement, its Representatives, each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls, is controlled by or is under common control with such Stockholder or any such underwriter within the meaning of the Securities Act, against any and all losses, claims, damages or liabilities, joint or several, and expenses (including any amounts paid in any settlement effected with the Company's consent, which consent shall not be unreasonably withheld) to which such Stockholder, any such Representative or any such underwriter or controlling Person may become subject under the Securities Act, state securities or blue sky laws, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expenses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, (ii) 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 (iii) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to

action required of or inaction by the Company in connection with any such Registration, and the Company will reimburse such Stockholder and each such Representative or underwriter and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending such loss, claim, liability, action or proceeding; provided, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expenses arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or amendment or supplement thereto or in any such preliminary, final or summary prospectus in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such Stockholder or any such Representative or underwriter specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Stockholder or any such Representative or underwriter and shall survive the transfer of such securities by such Stockholder.

*7.7 Indemnification by the Stockholders and Underwriters.* The Company may require, as a condition to including any Registrable Securities in any registration statement filed in accordance with Article VII, that the Company shall have received an undertaking reasonably satisfactory to it from the Stockholders of such Registrable Securities and any underwriter, to indemnify and hold harmless severally, and not jointly and severally (in the same manner and to the same extent as set forth in Section 7.6), the Company and its Representatives and all other prospective sellers and their respective Representatives, and their respective controlling persons with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives through an instrument duly executed by or on behalf of such Stockholder or underwriter, as the case may be, specifically stating that it is for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement thereto, or a document incorporated by reference into any of the foregoing. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the Stockholders, underwriters or any of their respective Representatives or controlling persons and shall survive the transfer of such securities by such Stockholder; provided, that no such Stockholder shall be liable under this Section 7.7 for any amounts exceeding the product of the purchase price per Registrable Security and the number of Registrable Securities being sold pursuant to such registration statement or prospectus by such Stockholder (net of any underwriters' or placement agents' fees, discounts or commissions related thereto).

7.8 Notices of Claims, Etc. Promptly after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Article VII, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, promptly give written notice to the latter of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subsections of this Article VII, except to the extent that the indemnifying party is actually materially prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and, jointly with any other indemnifying party similarly notified, to assume the defense thereof, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defense thereof, and the indemnifying party will not be subject to any liability for any settlement made without its consent (which consent shall not be unreasonably withheld). No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels.

7.9 Other Indemnification. Indemnification similar to that specified in the preceding Sections of this Article VII (with appropriate modifications) shall be given by the Company and each Stockholder holding Registrable Securities with respect to any required Registration or other qualification of securities under any federal or state law or any regulation of a governmental authority other than arising under the Securities Act.



#### 7.10 Registration Procedure.

(a) If and whenever the Company is required to effect or cause the Registration of any Registrable Securities pursuant to this Article VII, the Company will, as expeditiously as possible:

(i) Prepare in cooperation with the sellers (and, in the event of an underwritten public offering, with the underwriter(s)), and file with the SEC, in a manner consistent with the provisions of this Article VII, a registration statement with respect to such Registrable Securities on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate as the case may be, and which form shall be available for the sale of the Registrable Securities in accordance with the intended methods of distribution thereof, and use its best efforts to cause such registration statement to become and remain effective; provided, that before filing with the SEC a registration statement or prospectus or any amendments or supplements thereto, the Company will (i) furnish to one counsel selected by the Requesting Stockholder(s), in the event of a Registration effected pursuant to Section 7.1, or selected by the holders of a majority of the Registrable Securities covered by such registration statement, in the event of any other Registration, copies of all such documents proposed to be filed, which documents will be subject to the timely review of such counsel, and (ii) notify each holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the SEC and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(ii) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than one hundred twenty (120) days or such shorter period which will terminate when all Registrable Securities covered by such registration statement have been sold (but not before the expiration of the ninety (90) day period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement.

(iii) Furnish to each holder of Registrable Securities covered by the registration statement and to each underwriter, if any, of such Registrable Securities, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), and the prospectus included in such registration statement (including each preliminary prospectus), and such other documents, as such Person may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities owned by such holder.

(iv) Use its best efforts to register or qualify such Registrable Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as any holder, and underwriter, if any, of Registrable Securities covered by such registration statement shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided, that the Company shall not for any such purpose, be required to (A) qualify to do business as a foreign corporation in any jurisdiction where, but for the requirements of this Section 7.10, it is not then so qualified, (B) subject itself to taxation in any such jurisdiction, or (C) take any action which would subject it to consent to general or unlimited service of process not then so subject.

(v) Use its best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities.

(vi) Immediately notify each seller of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event which comes to the Company's attention if as a result of such event the prospectus included in such registration statement, as then in effect, includes any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading and at the request of any such seller, deliver a reasonable number of copies of an amended or supplemental prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(vii) Otherwise use its best efforts to comply with all applicable rules and regulations of the SEC and make available to its security holders, in each case as soon as practicable, an earnings statement covering a period of at least 12 months, beginning with the first month after the effective date of the registration statement (as the term "effective date" is defined in Rule 158(c) under the Securities Act), which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act including, at the option of the Company, Rule 158 thereunder.

(viii) Use its best efforts to cause all such Registrable Securities to be listed on such national securities exchange or the National Association of Securities Dealers National Market System as may be reasonably requested by the Requesting Stockholder, and if any similar securities issued by the Company are then listed on any securities exchanges or national market systems, to also list all such Registrable Securities on such securities exchanges or national market systems, and enter into such customary agreements including a listing application and indemnification agreement in customary form, provided, that the applicable listing requirements are satisfied, and to provide a transfer agent and registrar for such Registrable Securities covered by such registration statement no later than the effective date of such registration statement.

(ix) Use its best efforts to obtain a “cold comfort” letter from the independent public accountants for the Company in customary form and covering matters of the type customarily covered by such letters as may be reasonably requested by the Requesting Stockholder(s), in the event of a Registration effected pursuant to Section 7.1, or by the holders of a majority of the Registrable Securities covered by such registration statement, in the event of any other Registration.

(x) Execute and deliver all instruments and documents (including in an underwritten offering an underwriting agreement in customary form) and take such other actions and obtain such certificates and opinions as sellers of a majority of the Registrable Securities being sold reasonably request in order to effect an underwritten public offering of such Registrable Securities. The Company may require each holder of Registrable Securities as to which any Registration is being effected to furnish to the Company such information regarding such holder and the distribution of such Registrable Securities as the Company may from time to time reasonably request in writing in connection with effecting such offering.

(b) Each holder of Registrable Securities will, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 7.10(a)(vi), forthwith discontinue disposition of the Registrable Securities pursuant to the registration statement covering such Registrable Securities until such holder’s receipt of the copies of the supplemented or amended prospectus contemplated by Section 7.10(a)(vi), and, if so directed by the Company, such holder will deliver to the Company (at the Company’s expense) all copies, other than permanent file copies, then in such holder’s possession, of the prospectus covering such Registrable Securities at the time of receipt of such notice.

7.11 Rule 144. If the Company shall have filed a registration statement pursuant to the requirements of Section 12 of the Exchange Act or a registration statement pursuant to the requirements of the Securities Act, the Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of any holder of Registrable Securities, make publicly available other information), and it will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell shares of Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

7.12 Lock-Up Period. Each Stockholder, if requested by the Board of Directors and an underwriter of Company Stock or other securities of the Company, shall agree pursuant to a written agreement not to sell or otherwise transfer or dispose of any Registrable Securities or other securities of the Company held by such Stockholder for a specified period of time (not longer than seven (7) days) prior to the effective date of a Registration Statement and for a specified period of time (not longer than one hundred eighty (180) days) following the effective date of a Registration Statement in the case of the Company's initial public offering, or ninety (90) days in any subsequent public offering; provided, however, that such agreement shall not apply to any Registrable Securities (or other securities of the Company) held by such Stockholder if they are included in the Registration Statement. The Company may impose stop transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restrictions, until the end of the lock-up period. The written agreement referred to in the first sentence of this Section 7.12 is in addition to and not in replacement of other transfer restrictions contained in this Agreement.

7.13 Registration. Following the Company's initial public offering, the Company shall use its reasonable efforts to file and cause to become effective, and shall maintain for so long as any Options or Exchange Options are outstanding, a Registration Statement on Form S-8 (or its successor) covering the shares of Common Stock underlying the Options and Exchange Options to the extent such registration is required under applicable law in order for such shares to be sold without restriction in the United States.

## ARTICLE VIII

### PREEMPTIVE RIGHTS

#### 8.1 Preemptive Rights.

(a) Preemptive Right. Until the consummation of a Qualified Public Offering, the Company shall not, and shall not permit its Subsidiaries (with

respect to such Subsidiary's capital stock) to, issue or sell Company Stock (or any options, warrants or other rights to acquire any Company Stock, or any debt or equity securities convertible into or exchangeable for, directly or indirectly, any Company Stock) or issue any debt securities (each a "**Preemptive Issuance**" of "**Securities**") to any Person, except in compliance with the provisions of this Section 8.1.

(b) Participation Notice. Not fewer than thirty (30) Business Days prior to the consummation of the Preemptive Issuance, the Company shall provide a written notice (the "**Participation Notice**") to the Trimaran Group and, subject to Section 8.1(h) below, each other Stockholder who holds Common Stock acquired under the Purchase Agreement or on the exercise of the Exchange Options (each, a "**Participation Stockholder**"). The Participation Notice shall include, to the extent known:

(i) The material terms of the proposed Preemptive Issuance, including (A) the amount and kind of Securities to be included in the Preemptive Issuance, (B) the price per share or unit of the Securities (or, if such consideration is not cash, the Fair Market Value of such shares or units), (C) the portion of the Preemptive Issuance equal to the aggregate number of shares of Company Stock held by such Participation Stockholder on a fully-diluted basis (including any shares into which Exchange Options are exercisable, but excluding any other unexercised Options or warrants) immediately prior to such Preemptive Issuance divided by the aggregate number of shares of Company Stock (including any shares into which Exchange Options are exercisable, but excluding any other unexercised Options or warrants) outstanding immediately prior to the Preemptive Issuance (with respect to each Participation Stockholder, its "**Participation Portion**") and (D) the name and address of each Person to whom the Securities are proposed to be issued (each a "**Preemptive Transferee**"); and

(ii) An offer by the Company to issue to each Participation Stockholder such Participation Stockholder's Participation Portion, on the same terms and conditions as the issuance to each of the Preemptive Transferees, including, without limitation, the same relative proportions of Securities (e.g., debt and equity) as are being offered in the Preemptive Issuance.

(c) Election to Participate. Within twenty (20) Business Days after delivery of the Participation Notice, each Participation Stockholder desiring to accept the offer pursuant to Section 8.1(b)(ii) shall send an irrevocable commitment (each a "**Participation Commitment**") to the Company specifying the amount or proportion of Securities which such Participation Stockholder desires to be issued up to such Participation Stockholder's Participation Portion (each a "**Participating Buyer**"). The acceptance of each Participating Buyer shall be irrevocable except as hereinafter provided and so long as the terms and conditions applicable to the Preemptive Issuance remain as stated in the Participation Notice, each such Participating Buyer shall be obligated to acquire in the Preemptive Issuance on the same terms and conditions, with

respect to each Security issued, as the Preemptive Transferees such amount or proportion of Securities as such Participating Buyer shall have specified in such Participating Buyer's Participation Commitment. If all of the new Securities offered to the Stockholders are not accepted for purchase within twenty (20) Business Days after delivery of such Participation Notice, such Securities that have not been so accepted for purchase shall be reoffered by the Company to the Participating Buyers that elected to purchase their entire Participation Portion of such Securities, for the purchase price and upon the terms and conditions set forth in the Participation Notice, in proportion with each such Stockholder's Participation Portion (as determined immediately prior to the delivery of the Participation Notice), in continuous reofferings until all of such Securities specified in the Participation Notice are purchased by the Stockholders; provided that none of the Stockholders shall be obligated to purchase more than the number of Securities such Stockholder initially agreed to purchase in such Stockholder's initial commitment pursuant to the first sentence of this Section 8.1(c); provided further that if all of such Securities specified in the Participation Notice are not purchased pursuant to this Section 8.1(c) within sixty (60) days of the date the Participation Notice was initially provided to the Stockholders, such continuous reoffering shall cease and the Company shall have the right to issue and sell such Securities in such Preemptive Issuance to the Preemptive Transferees and Participating Buyers, at a price not less than the price set forth in the Participation Notice and on other terms not materially more favorable in the aggregate, to the Preemptive Transferees and Participating Buyers than those set forth in the Participation Notice. Each Participation Stockholder that does not accept such offer (or accepts such offer in an amount or proportion less than the Participation Portion) shall be deemed to have waived all of its rights under this Section 8.1 with respect to the Preemptive Issuance specified in the Participation Notice (or in respect of the amount or portion of the Participation Portion as to which such Stockholder did not accept the offer). If the principal terms of such proposed Preemptive Issuance change such that they are more materially favorable in the aggregate to the Participating Buyers than those set forth in the Participation Notice, it shall be necessary for a separate Participation Notice to be furnished, and the terms and provisions of this Section 8.1 separately complied with, in order to consummate such Preemptive Issuance. In the event a Participation Stockholder breaches its obligation to purchase such Securities after delivering a Participation Commitment, such Participation Stockholder shall be deemed to have waived all of such holder's rights under this Section 8.1 with respect to such Preemptive Issuance and all future Preemptive Issuances.

(d) Expiration of Commitment. If after one hundred twenty (120) days following the date of the Participation Notice the Company has not completed the Preemptive Issuance on the terms and conditions specified in such Participation Notice, each Participating Buyer shall be released from its obligations under such Participating Buyer's Participation Commitment, the Participation Notice shall be null and void, and it shall be necessary for a separate Participation Notice to be furnished, and the terms and provisions of this Section 8.1 separately complied with, in order to consummate such Preemptive Issuance.

(e) Cooperation. Each Participating Buyer shall take or cause to be taken all such reasonable actions, consistent with the provisions of this Agreement,

as may be necessary or appropriate in order expeditiously to consummate each Preemptive Issuance to such Participating Buyer pursuant to this Section 8.1 and any related transactions. Without limiting the generality of the foregoing, each Participating Buyer agrees to execute and deliver such subscription and other agreements specified by the Board of Directors to which the Participating Buyer will be party.

(f) Closing. The closing of a Preemptive Issuance pursuant to this Section 8.1 shall take place at such time and place as the Board of Directors shall specify by notice to each Participating Buyer, which notice shall be delivered at least five (5) Business Days prior to the proposed closing date. At the closing, the Company shall deliver to each Participating Buyer the certificates or other instruments, if any, evidencing the Securities to be issued to such Participating Buyer, registered in the name of such Participating Buyer or his designated nominee, free and clear of any Liens, with any transfer tax stamps affixed, against delivery by such Participating Buyer of the applicable consideration.

(g) Retroactive Compliance. Notwithstanding the notice requirements of Section 8.1(b), the Company may proceed with any Preemptive Issuance prior to having complied with the provisions of Section 8.1; provided, that:

(i) the Board of Directors shall have determined that the Preemptive Issuance will not adversely affect any Participation Stockholder so long as such Participation Stockholders are given retroactive opportunity to participate in accordance with Section 8.1(g) (ii); and

(ii) the Company shall, within ten (10) Business Days of the consummation of such Preemptive Issuance (and in any event prior to making any distribution in respect of Securities purchased in connection therewith):

(A) provide to each Participation Stockholder who would have been entitled to receive a Participation Notice in connection with such Preemptive Issuance (1) notice of such Preemptive Issuance and (2) the Participation Notice described in Section 8.1(b) in which the actual price per share of Securities shall be set forth, and permit each such Participation Stockholder to exercise its participation rights under this Section 8.1(b) with respect thereto; and

(B) (1) include in the subscription (or similar) agreement with the purchaser(s) of the Securities a provision permitting the Company to repurchase such securities in an amount necessary to satisfy the provisions of Section 8.1(c) in response to the Participation Notice furnished pursuant to clause (A) above or (2) cause the issuance of additional Securities in an amount necessary to permit each requesting Participation Stockholder to purchase its Participation Portion of the total Preemptive Issuance, including the portion sold pursuant to this Section 8.1(g), in response to the Participation Notice furnished pursuant to clause (1) above.

(h) Exceptions. This Section 8.1 shall not apply to any issuance (i) to an employee of the Company or any Subsidiary or an Affiliate of such employee; (ii) upon the exercise or conversion of any options, warrants or other rights to acquire any Company Stock, or any debt or equity securities convertible into or exchangeable for, directly or indirectly, any Company Stock; (iii) pursuant to any deferred compensation arrangement with respect to any director or employee of the Company; (iv) pursuant to a Qualified Public Offering or any other public offering or (v) pursuant to any issuance to a Stockholder made immediately prior to or at the Closing and set forth on Schedule 8.1(h). Notwithstanding anything to contrary set forth in this Article VIII, Management Stockholders shall not have preemptive rights under this Article VIII in respect of issuances of debt securities or nonparticipating, nonconvertible redeemable (without premium other than customary cumulative dividend) preferred stock by the Company or any Subsidiary thereof (it being understood that any securities that are convertible into or exchangeable for, directly or indirectly, any Company Stock or similar equity securities of the Company or any Subsidiary shall not be considered debt securities for this purpose).

## ARTICLE IX

### ADDITIONAL STOCKHOLDERS

9.1 Transferees of Stockholders of the Company. No Transfers of shares of Company Stock may be made (and shall not be effective) to a Permitted Transferee or to any Third Party, unless in each case prior to such Transfer any such transferee agrees in writing to be bound (to the same extent as contemplated with respect to the Stockholder) by the terms and conditions of this Agreement pursuant to a supplementary agreement reasonably satisfactory in form and substance to the Company. Upon entering into such supplementary agreement, such transferee of Company Stock shall be deemed to be a Stockholder for all purposes of this Agreement. The provisions of this Section 9.1 shall not apply to any Transfer (a) made pursuant to a public offering of shares of Company Stock, including in connection with the exercise by any Stockholder of its rights pursuant to Article VII or in connection with the exercise by the Trimaran Group of its rights pursuant to Section 5.2, (b) made in connection with the exercise by the Trimaran Group of a drag-along right or (c) following a public offering of shares of Company Stock, made pursuant to Rule 144.

9.2 New Stockholders. Any director, member of management or other employee of the Company or any of its Subsidiaries or any other Person who becomes a holder of shares of Company Stock after the date hereof shall be deemed, upon the execution of a supplementary agreement described below, to have the same rights and obligations as a Stockholder for purposes of this Agreement. The Company shall not issue shares of Company Stock to a director, member of management or other employee of the Company or any of its Subsidiaries or any other Person unless the Person to whom the shares of Company Stock are to be issued or transferred agrees in



writing to be bound by the terms and conditions of this Agreement pursuant to a supplementary agreement reasonably satisfactory in form and substance to the Company. Upon entering into such supplementary agreement, any such (i) member of management or other employee of the Company or any of its Subsidiaries shall be deemed to be a Management Stockholder for all purposes of this Agreement and (ii) other Person shall be deemed to be a Additional Stockholder for all purposes of this Agreement. The parties hereto acknowledge and agree that the Company Option Plan (or the agreements entered into in connection therewith) shall provide that option holders thereunder will be subject to restrictions on Transfer and the rights described in Article V upon grant of such Options and that they will be required to become parties to this Agreement upon any exercise of options granted thereunder, as a condition to the exercise of such options.

9.3 Supplemental Agreements. Each supplementary agreement referred to in Sections 9.1 and 9.2 above, shall become effective upon its execution by the Company and the new holder of shares of Company Stock, and it shall not require the signatures or the consent of the other Stockholders (or their respective Permitted Transferees). The supplementary agreement between the Company and any new holder of shares of Company Stock may modify some of the terms and conditions of this Agreement as they affect the rights and obligations of the new holder of shares of Company Stock; provided, that the modified terms and conditions shall be no less favorable to the other Stockholders than the terms and conditions set forth in this Agreement; provided further that the such new stockholders shall not be treated more favorably than any of the existing Stockholders unless such existing Stockholder's consent is obtained.

9.4 Option Holders. Upon the exercise of a stock Option held by any Stockholder party hereto, the rights, benefits, obligations, restrictions and duties contained in this Agreement with respect to the shares of Company Stock received pursuant to such exercise shall automatically, without any further action, apply, and Stockholder shall become bound by and entitled to the rights, benefits, obligations, restrictions and duties under this Agreement which are so applicable.

9.5 Stockholder Schedules. The Board of Directors shall create and maintain schedules identifying each of the following Stockholders: (i) the Trimaran Group (ii) the Management Stockholders, and (iii) the Additional Stockholders. Such schedules shall be updated from time to time to reflect the names of Stockholders who become a party to this Agreement after the date hereof.

## ARTICLE X

### STOCK LEGENDS

10.1 *Restrictive Legend*. A copy of this Agreement shall be filed with the Secretary of the Company and kept with the records of the Company. Each of the Stockholders agrees that the following two legends shall be placed on the certificates representing any shares of Company Stock, now or hereafter owned by them:

**“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND CERTAIN OTHER CONDITIONS, AS SPECIFIED IN THE STOCKHOLDERS AGREEMENT DATED AS OF NOVEMBER 18<sup>th</sup>, 2005, AS MAY BE AMENDED (COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF CHICKEN ACQUISITION CORP. (TOGETHER WITH ITS SUCCESSORS, THE “COMPANY”) AND WHICH WILL BE MAILED TO A STOCKHOLDER WITHOUT CHARGE WITHIN TEN (10) DAYS AFTER RECEIPT BY THE COMPANY OF A WRITTEN REQUEST THEREFOR FROM SUCH STOCKHOLDER). THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF SUCH STOCKHOLDERS AGREEMENT.**

**NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT PURSUANT TO THE PROVISIONS OF SUCH STOCKHOLDERS AGREEMENT AND, EXCEPT AS OTHERWISE PROVIDED IN SUCH AGREEMENT, (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER AND ALL APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS (SUCH FEDERAL AND STATE LAWS, THE “SECURITIES LAWS”) OR (B) IF THE COMPANY HAS BEEN FURNISHED WITH AN OPINION OF COUNSEL FOR THE HOLDER, WHICH OPINION AND COUNSEL SHALL BE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF THE SECURITIES LAWS.”**

All Stockholders shall be bound by the requirements of such legends to the extent that such legends are applicable. Upon a Registration of any shares of Company Stock, the certificate representing such shares of Company Stock shall be replaced, at the expense of the Company, with certificates bearing only the first of the two legends referred to above.

## ARTICLE XI

### TERM; TERMINATION

11.1 *Term*. This Agreement shall terminate, and be of no further force or effect, automatically without any further action on the part of any parties hereto, upon the earlier of (a) the consummation of a Qualified Public Offering and (b) a sale of

all or substantially all of the assets or equity interests in the Company to a Third Party (whether by merger, consolidation, sale of assets or securities or otherwise); provided, that in the event of a Qualified Public Offering, all of the provisions of this Agreement shall terminate and be of no further force and effect, except for Article VII, Article XI, Article XII and Article XIII, which shall survive the consummation of a Qualified Public Offering. In the event of a sale of all or substantially all of the assets of the Company to a Third Party, the Company shall be liquidated and dissolved.

## ARTICLE XII

### EXCULPATION

12.1 Exculpation. Notwithstanding any other provisions of this Agreement, whether express or implied, or obligation or duty at law or in equity, neither the directors, nor any of the Stockholders, or any officers, directors, stockholders, partners, employees, representatives, consultants or agents of either of the foregoing, nor any officer, employee, representative, consultant or agent of the Company or any of its Affiliates (individually, a “**Covered Person**” and, collectively, the “**Covered Persons**”) shall be liable to the Company or any other Person for any act or omission (relating to the Company and the conduct of its business, the Agreement, any related document or any transaction contemplated hereby or thereby) taken or omitted in good faith by a Covered Person and in the reasonable belief that such act or omission was in or was not contrary to the best interests of the Company; provided, that such act or omission does not constitute fraud, willful misconduct, bad faith, or gross negligence.

## ARTICLE XIII

### MISCELLANEOUS

13.1 Specific Performance. Each of the Stockholders acknowledges and agrees that in the event of any breach of this Agreement, the non-breaching party or parties would be irreparably harmed, no adequate remedy at law would exist and damages would be difficult to determine. It is accordingly agreed that (x) in the event of a breach of any provision of this Agreement, the aggrieved party shall be entitled to specific performance of this Agreement and to enjoin any continuing breach of this Agreement (without the necessity of proving actual damages and without posting bond or other security), in addition to any other remedy to which such aggrieved party may be entitled at law or in equity, and (y) the Stockholders will waive the defense in any action for specific performance or other equitable relief that a remedy at law would be adequate.

13.2 Consent to Jurisdiction, Service of Process; Venue. Each party hereto hereby irrevocably and unconditionally (i) consents to the submission to the exclusive jurisdiction of the courts of the State of Delaware and of the United States of America located in the State of Delaware, county of Wilmington, for any Claims arising out of or relating to this Agreement or the breach, termination or validity thereof and the transactions contemplated by this Agreement, (ii) agrees not to commence any Action

relating thereto except in such courts and in accordance with the provisions of this Agreement, (iii) agrees that service of any process, summons, notice, or document by U.S. registered mail or as otherwise provided in this Agreement shall be effective service of process for any Action brought in any such court, (iv) waives any objection to the laying of venue of any Action arising out of this Agreement or the transactions contemplated by this Agreement in the courts of the State of Delaware or the United States of America located in the State of Delaware, and (v) agrees not to plead or claim in any such court that any such Action brought in any such court has been brought in an inconvenient forum.

13.3 Attorneys' Fees. In any legal action or proceeding (including, without limitation, any arbitration proceeding) brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, or because of an alleged dispute, breach or default in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other available remedy or relief to which such party or parties may be entitled.

13.4 Headings; Construction. The headings and captions contained herein are for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof. All references to "Article," "Articles" "Section" or "Sections" refer to the corresponding Article, Articles, Section or Sections of this Agreement unless specifically noted otherwise.

13.5 No Third-Party Beneficiaries. Except as otherwise expressly provided herein, the covenants, agreements and other provisions contained in this Agreement are for the sole benefit of the parties hereto and their permitted successors and assigns, and they shall not be construed as conferring, and are not intended to confer, any rights, remedies or other benefits hereunder on any other Persons. Neither this Agreement nor any purchase or sale of shares of Company Stock shall create, or be construed or deemed to create, any right to employment in favor of the Company or shareholders or employers thereof or any Management Stockholder or any other Person by the Company or any Subsidiaries of the Company.

13.6 Entire Agreement. This Agreement and the Exchange Agreements (as defined in the Purchase Agreement) constitute the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein, and there are no restrictions, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

13.7 Notices. All notices, requests, instructions and other communications to be given hereunder by any party hereto to another party hereto shall be in writing and, unless otherwise provided herein, shall be deemed duly given if delivered personally, telecopied (which is confirmed) or sent by registered or certified

mail (postage prepaid, return receipt requested) or by Federal Express or other similar courier service (i) to the Company or Trimaran at the addresses set forth below, (ii) in the case of a Permitted Transferee, to the address set forth in the written agreement executed pursuant to Article IX, (iii) if to an Additional Stockholder or a Management Stockholder, as listed on the signature page hereto, or, if not so listed, to him or her at his or her address as reflected in the stock records of the Company, or (iv) in the case of any member of management or other employee of the Company or any of its Subsidiaries who becomes a holder of shares of Company Stock or options to acquire shares of Company Stock after the date hereof, to the address set forth in the written agreement executed pursuant to Article IX:

If to the Company, to:

Chicken Acquisition Corp.  
c/o Trimaran Fund Management, L.L.C.  
622 Third Avenue  
35th Floor  
New York, NY 10017  
Attention: Steven A. Flyer  
Facsimile: (212) 885-4350

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, NY 10036-6522  
Attention: Eileen T. Nugent, Esq.  
Thomas W. Greenberg, Esq.  
Fax: (212) 735-2000

If to Trimaran, to:

Trimaran Pollo Partners, L.L.C.  
c/o Trimaran Fund Management, L.L.C.  
622 Third Avenue  
35th Floor  
New York, NY 10017  
Attention: Steven A. Flyer  
Facsimile: (212) 885-4350

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, NY 10036-6522  
Attention: Eileen T. Nugent, Esq.  
Thomas W. Greenberg, Esq.  
Fax: (212) 735-2000

provided, that in the event any of the parties referred to above desires to designate another address to which such notices should be sent to such party, such party may designate such other address by giving notice to the other parties hereto in writing as set forth in this Section 13.7 (provided, that any change of address shall be effective only upon receipt).

**13.8 *Applicable Law.* THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THE PARTIES SUBJECT HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CONTRARY RESULT OTHERWISE REQUIRED UNDER APPLICABLE CHOICE OF LAW PRINCIPLES.**

13.9 *Severability.* The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

13.10 *Successors; Assigns; Transferee; Amendments; Waivers.*

(a) The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. Notwithstanding the foregoing, except as set forth with specificity herein, this Agreement may not be amended, modified or supplemented without the approval by Trimaran; provided that if any amendment adversely affects the economic rights of any Stockholder individually or as a class on a discriminatory basis, then the consent of the applicable Stockholder (in the case of any amendment that adversely affects any Stockholder individually) or two-thirds of Stockholders of a class (such as two-thirds of the Management Stockholders, in the case of any amendment that adversely affects Management Stockholders as a class) (such two-thirds measured based on the share ownership of the Member of such class, on an as-exercised basis), as applicable, shall be required for such amendment; provided, further that this Agreement may be amended, modified or supplemented by the Company in order to cure any ambiguity, defect or inconsistency in this Agreement, so long as (x) such action does not adversely affect the rights of any Stockholder and (y) the Company promptly notifies each Stockholder in accordance with the provisions of Section 13.7 hereof of such action.

(b) No waivers of or departures from the terms or provisions of this Agreement may be given except by an instrument in writing duly executed by the party entitled to the benefits thereof.

(c) Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or any Stockholder except in connection with Transfers of Company Stock to Permitted Transferees and other Persons permitted by the terms of this Agreement.

(d) The rights and remedies of the Stockholders and the Company under this Agreement shall be cumulative and not exclusive of any rights or remedies which either would otherwise have hereunder or at law or in equity or by statute, and no failure or delay by any party in exercising any right or remedy shall impair any such right or remedy or operate as a waiver of such right or remedy, nor shall any single or partial exercise of any power or right preclude such party's other or further exercise or the exercise of any other power or right.

13.11 Defaults; No Circumvention of Agreement. A default by any party to this Agreement in such party's compliance with any of the conditions or covenants hereof or performance of any of the obligations of such party hereunder shall not constitute a default by any other party. No Stockholder or any of its Permitted Transferees may do indirectly, through the sale of capital stock of its or their Subsidiaries or otherwise, that which is not permitted by this Agreement (including, without limitation, the provisions of Articles III and V).

13.12 Further Assurances. Each party hereto or Person subject hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto or Person subject hereto may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

13.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same Agreement.

13.14 Recapitalization, etc. Except as otherwise provided in this Agreement, the provisions of this Agreement shall apply to any and all shares of Company Stock or shares of stock of any successor or assign of the Company (whether by merger, consolidation, transfer or sale of assets, conversion or otherwise) which may be issued in respect of, in exchange for, or in substitution of, any shares of Company Stock by reason of any reorganization, any recapitalization, reclassification, merger, consolidation, partial or complete liquidation, sale of assets, spin-off, stock dividend, split, distribution to Stockholders or combination of the shares of Company Stock or any other change in the Company's capital structure, in order to preserve fairly and equitably as far as practicable, the original rights and obligations of the parties hereto under this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Stockholders Agreement as of the date first above written.

CHICKEN ACQUISITION CORP.

By: /s/ Steven A. Flyer

Name: Steven A. Flyer

Title: President

TRIMARAN POLLO PARTNERS, L.L.C.

By: /s/ Steven A. Flyer

Name: Steven A. Flyer

Title: President



**Schedule of Management Stockholders**

ASP EPL L.L.C.

Brian Berkhausen

Brian Carmichall

The Carley Family Trust

Marcelino Contreras

Karen Eadon

Patsy Estis

Judith Fine

Thomas Giannetti

Scott Gillie

Robert Gossman

Mark Hardison

James Hicks

Stephen Lash

Dennis Lombardi

Jon Miller

Milner Family Trust

John Phillips

Jeanne Scott

Joseph Stein

Gus Siade

Julie Weeks

Mike Wildman

**AMENDMENT NO. 1  
TO STOCKHOLDERS AGREEMENT**

This Amendment No. 1 to STOCKHOLDERS AGREEMENT amends as of April 20, 2006 the Stockholders Agreement dated as of November 18, 2005 (the "**Agreement**") by and between Chicken Acquisition Corp., a Delaware corporation (the "**Company**"), Trimaran Pollo Partners, L.L.C., a Delaware limited liability company ("**Trimaran**"), the individuals set forth on Schedule A hereto (together with the employees of the Company or its Subsidiaries (as defined in Section 1.1) who become parties to this Agreement pursuant to the terms and conditions of this Agreement (the "**Management Stockholders**") and such other Persons that become parties to this Agreement pursuant to the terms and conditions of this Agreement (the "**Additional Stockholders**"). Capitalized terms not defined herein have the meanings set forth in the Agreement.

**R E C I T A L S**

WHEREAS, the parties hereto wish to increase the number of days to exercise the call right in Section 6.1 and the put right in Section 6.3 of the Agreement from seventy-five (75) to ninety (90) days so that the rights in the Agreement will cover the same periods as apply to similar rights in Section 4 of the form of Exchange Stock Option Agreement and Section 7 of the form of Non-Qualified Stock Option Agreement and used by the Company;

NOW, THEREFORE, the parties hereto agree as follows:

1. Section 6.1 of the Agreement is deleted in its entirety and replaced with the following:

"6.1 *Call Rights*.

(a) Voluntary Termination or Termination for Cause. If, prior to a Qualified Public Offering, a Management stockholder's employment with the Company or any of its Subsidiaries is terminated by reason of Voluntary Termination (other than Retirement) or for Cause, then the Company shall have the right, for ninety (90) days following the date of termination of such employment and subject in each case to the provisions of Section 6.4, to give notice to purchase or cause to be purchased from such Management Stockholder and his or her Permitted Transferees, and such Management Stockholder and his or her Permitted Transferees shall be required to sell on one occasion to the Company, all shares of Company Stock then held by such Person(s), or which may be acquired upon exercise of Options or Exchange Options subsequent to such termination, at a price equal to the lesser of Cost or the Fair Market Value of all such shares of Company Stock. All shares of Common Stock acquired by such Management Stockholder pursuant to an exercise of Options in accordance with the terms of the applicable Options or the Company Option Plan upon such termination shall be subject to the call right described above.

(b) Termination for any other Reason. If, prior to a Qualified Public Offering, a Management Stockholder's employment with the Company or any of its Subsidiaries is terminated by death, Disability or Retirement or any other reason not covered by Sections 6.1(a), then the Company shall have the right, for ninety (90) days following the date of termination of

such employment and subject in each case to the provisions of Section 6.4, to give notice to purchase or cause to be purchased from such Management Stockholder and his or her Permitted Transferees, and such Management Stockholder and his or her Permitted Transferees shall be required to sell on one occasion to the Company, all shares of Company Stock then held by such Person(s), or which may be acquired upon exercise of Options or Exchange Options subsequent to such termination, at a price equal to the Fair Market Value of such shares of Company Stock. All shares of Company Stock acquired by such Management Stockholder pursuant to an exercise of Options in accordance with the terms of the applicable Options or the Company Option Plan upon such termination shall be subject to the call right described above.

(c) Notice of Exercise; Closing. If the Company (or its designee) desires to exercise its right to purchase shares of Company Stock pursuant to its rights under this Section 6.1, the Company (or its designee) shall, not later than the expiration date of the ninety (90) day call period referred to in Section 6.1 (a) and (b) above (as it may be extended pursuant to the provisions of Section 6.4), send written notice of its intention to purchase or cause to be purchased all of the shares of Company Stock held by such Management Stockholder and his or her Permitted Transferees pursuant to this Section 6.1. Subject in each case to the provisions of Section 6.4, the closing of the purchase shall take place at the principal office of the Company ten (10) days following the giving of such notice or as soon thereafter as practicable but in no event later than twenty (20) days after the giving of such notice. The purchase price shall be paid in accordance with Section 6.5.”

2. Section 6.3 of the Agreement is deleted in its entirety and replaced with the following:

“6.3 Put Rights.

(a) Termination other than Voluntary, for Cause or Death. If, prior to a Qualified Public Offering, a Management stockholder’s employment with the Company or any of its Subsidiaries is terminated as a result of a resignation by such Management Stockholder for Good Reason (but excluding Retirement if included within any definition of Good Reason) or by the Company or any of its Subsidiaries without Cause, or by death or Disability, then the Management Stockholder shall have the right, for ninety (90) days following the date of termination of such employment and subject in each case to the provisions of Section 6.4, to give notice to the Company to purchase from such Management Stockholder and his or her Permitted Transferees, and the Company shall be required to purchase on one occasion from such Management Stockholder and his or her Permitted Transferees, all shares of Company Stock then held by such Person(s), or which may be acquired upon exercise of Options or Exchange Options subsequent to such termination, at a price equal to the Fair Market Value of such shares of Company Stock. All shares of Common Stock acquired by such Management Stockholder pursuant to an exercise of Options in accordance with the terms of the applicable Options or the Company Option Plan upon such termination shall be subject to the put right described above.

(b) Notice of Exercise; Closing. If the Management Stockholder desires to exercise its right to sell shares of Company Stock pursuant to its rights under this Section 6.3, then the applicable Management Stockholder shall, not later than the expiration date of the ninety (90) day put period referred to in Section 6.3 (a) above (as it may be extended pursuant to the provisions of Section 6.4), send written notice of its intention to sell all of the shares of

Company Stock held by such Management Stockholder and his or her Permitted Transferees pursuant to this Section 6.3. Subject in each case to the provisions of Section 6.4, the closing of the purchase shall take place at the principal office of the Company ten (10) days following the giving of such notice or as soon thereafter as practicable but in no event later than twenty (20) days after the giving of such notice. The purchase price shall be paid in accordance with Section 6.5.”

3. Except as expressly amended above, the Agreement shall remain in force.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment No. 1 to Stockholders Agreement as of the date first written above.

MANAGEMENT STOCKHOLDER

By: /s/ Pamela Milner

Pamela Milner

CHICKEN ACQUISITION CORP.

By: /s/ Steven A. Flyer

Steven A. Flyer

President

TRIMARAN POLLO PARTNERS, L.L.C.

By: /s/ Steven A. Flyer

Steven A. Flyer

**Management Stockholders**

Brian Berkhausen  
Brian Carmichall  
The Carley Family Trust  
The Clark Family Trust  
Marcelino Contreras  
Karen Eadon  
Patsy Estis  
Judith Fine  
Thomas Giannetti  
Scott Gillie  
Robert Gossman  
Mark Hardison  
James Hicks  
Stephen Lash  
Dennis Lombardi  
Jon Miller  
Milner Family Trust  
John Phillips  
Stephen Sather  
Jeanne Scott  
Joseph Stein  
Gus Siade  
Julie Weeks  
Michael Wildman

**AMENDMENT NO. 2  
TO  
STOCKHOLDERS AGREEMENT**

This AMENDMENT NO. 2 (this "Amendment") to the Stockholders Agreement is entered into as of this 26th day of December, 2007 by and between Chicken Acquisition Corp., a Delaware corporation (the "Company"), and Trimaran Pollo Partners, L.L.C., a Delaware limited liability company ("Trimaran"). Capitalized terms used herein and not otherwise defined in this Amendment shall have the meanings ascribed to such term in the Agreement (as defined below).

**RECITALS**

WHEREAS, on November 18, 2005, the Company entered into the Stockholders Agreement (as amended by Amendment No. 1 to Stockholders Agreement, dated April, 20, 2006, the "Agreement") with Trimaran and the individuals set forth in Schedule A thereto;

WHEREAS, the Unit Purchase Agreement (the "Unit Purchase Agreement"), the first closing under which was consummated on the date hereof, by and among the Company, Trimaran, FS Equity Partners V, L.P. ("FSEP V"), FS Affiliates V, L.P. ("FSA V") and Peter Starrett ("Starrett") and together with FSEP V and FSA V, "FS"), EPL Intermediate, Inc. and El Pollo Loco, Inc. contemplates that FS may in the future receive a distribution of shares of the Company and become a party to the Agreement; and

WHEREAS, in connection with the closing under the Unit Purchase Agreement, the Company, Trimaran and the other stockholders signatory hereto desire to amend the Agreement as set forth in this Amendment.

NOW THEREFORE, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, Trimaran and the other stockholders signatory hereto, intending to be legally bound hereby, agree as follows:

1. **Amendments.**

1.1. **Definition of FS.**

1.1.1. The following definition shall be added to Article I of the Agreement:

"FS" shall mean FS Equity Partners V, L.P. ("FSEP V") together with FS Affiliates V, L.P. ("FSA V") and Peter Starrett.

1.2. Definition of Permitted Transferee.

1.2.1. The definition of "Permitted Transferee" shall be amended to add the following proviso at the end of such definition:  
; provided further, that FS shall be a Permitted Transferee of Trimaran.

1.3. Monitoring and Management Agreement.

1.3.1. Section 2.1 of the Agreement shall be amended to read in its entirety as follows:

The parties hereto acknowledge and agree that the Company, Trimaran Fund Management, L.L.C. and Freeman Spogli & Co. V, L.P. will enter into a Monitoring and Management Agreement (the "Management Agreement"), the form of which is attached as Exhibit A, which provides for, among other things, the payment of monitoring fees and transaction fees by the Company, in exchange for advisory services provided by the Trimaran Group and Freeman Spogli & Co. V, L.P.

1.4. Tag-Along Rights.

1.4.1. Section 4.1(a) of the Agreement shall be amended in its entirety to read as follows:

Until the occurrence of a Qualified Public Offering, subject to the restrictions on Transfer set forth in Section 3.1 hereof and subject to Section 4.3 hereof, in the case of a proposed Transfer of five percent (5%) or more of the shares of Company Stock held by Trimaran (the "Transferring Stockholder") (a "Tag-Along Transfer"), each other Stockholder (other than FS and its Permitted Transferees) may exercise tag-along rights in accordance with the terms, conditions and procedures set forth herein (any Stockholder exercising such rights, a "Tagging Stockholder"). FS shall not have any rights with respect this Section 4.1.

1.5. Right of First Offer.

1.5.1. The first sentence of Section 4.3 of the Agreement shall be amended in its entirety to read as follows:

Following the five year restriction period set forth in Section 3.1(a)(iii) or if the directors of the Company consent to an earlier Transfer pursuant to Section 3.1(a)(iii), upon the receipt by any Stockholder (other than FS and its Permitted Transferees or any member of the Trimaran Group) ("Transferor") from a Third Party of a Bona Fide Offer to purchase or otherwise acquire (or if such Transferor has otherwise agreed to Transfer to a Third Party (other than in connection with a Qualified Public Offering)) all or a portion of Transferor's shares of Company Stock (other than a Transfer pursuant to Section 4.2) which Transferor desires to accept, Transferor shall cause the Third Party's offer to be reduced to writing and shall provide a copy of such written notice of such Third Party's offer (the "ROFO Notice") to the Company, and the Company shall provide a copy thereof to Trimaran.



## 1.6. Drag-Along Rights.

1.6.1. Section 5.1(a) of the Agreement shall be amended in its entirety to read as follows:

If (i) the Trimaran Group (the “Selling Stockholders”) agree to Transfer, in any single or series of related transactions, greater than fifty percent (50%) of the aggregate number of the shares of Company Stock held by the Selling Stockholders to a non-affiliated third party or (ii) the Selling Members (as defined in the LLC Agreement) exercise drag-along rights pursuant to Section 8.04 of the LLC Agreement (an “LLC Drag”, and (i) and (ii) collectively, “Drag-Along Transfers”), the Selling Stockholders may exercise drag-along rights in accordance with the terms, conditions and procedures set forth herein; provided that the Selling Stockholders shall not have any such rights with respect to shares of Company Stock held by FS, and its Permitted Transferees.

## 1.7. Demand Registration Rights.

1.7.1. Section 7.1(a) of the Agreement shall be amended in its entirety to read as follows:

Subject to Section 7.1(c) below, upon written notice (a “Demand Notice”) either from (A) any member of the Trimaran Group after one hundred eighty (180) days following the occurrence of an initial public offering (or such shorter period pursuant to which the underwriters require the Stockholders to be “locked-up” pursuant to Section 7.12) or (B) FS after (x) 2 years following, the occurrence of a Qualified Public Offering or (y) any time after the value of common stock of the Company, based on any daily closing price, previously sold to the public pursuant to registration statements or pursuant to Rule 144 under the Securities Act, exceeds \$100 million, but not before 2 years following an initial public offering of the Company’s equity securities under the Securities Act (each of (A) and (B), the “Requesting Stockholder” and any Registrable Securities thereof to be included in such demand, the “Demand Securities”), the Company shall use all reasonable efforts to effect at the earliest possible date and maintain a registration of Registrable Securities held by the Requesting Stockholder, its Permitted Transferees and any underwriter with respect to such Registrable Securities, in accordance with the intended method or methods of disposition specified by the Requesting Stockholder (including, but not limited to, an offering on a delayed or continuous basis pursuant to Rule 415 (or any successor rule) promulgated under the Securities Act); provided, that FS collectively shall be entitled to deliver an aggregate of up to two (2) Demand Notices and only for so long as FS holds 10% or more of the aggregate outstanding shares of common stock of the Company; provided further that if, after a Registration request pursuant to this Section 7.1 has been made, the Company has determined in good faith, after consultation with its outside legal counsel, that the filing of a Registration request would require the disclosure of

material information which the Company has a bona fide business purpose for preserving as confidential, the Company shall not be obligated to effect a Registration pursuant to this Section 7.1 until the earlier of (A) the date upon which such material information is disclosed to the public by the Company or ceases to be material, or (B) forty-five (45) days after such good faith determination; provided, further, that the Requesting Stockholder shall not have the right to utilize the services of an underwriter unless the anticipated gross proceeds of the shares of Company Stock to be offered exceed \$25 million. The Requesting Stockholder requesting a Registration under this Section 7.1 may, at any time prior to the effective date of the registration statement relating to such Registration, revoke such request by providing written notice thereof to the Company, which revocation shall not count as a demand registration under this Section 1.7. Notwithstanding anything to the contrary herein, FS's right to deliver a Demand Notice shall be subject to the following limitations and FS's registration rights hereunder shall be subject to the following:

i. the Company shall have the right to delay any Registration pursuant to a Demand Notice from FS under the circumstances and subject to the provisions of Section 7.1(a) for a period of no more than 90 days from the date such Demand Notice (as opposed to 45 days); provided that the Company may exercise each such delay right on only one occasion;

ii. a member of the Trimaran Group may elect with respect to one demand right to be exercised by any member of the Trimaran Group under this Agreement, to preempt any Demand Notice delivered by FS, by delivery of written notice to FS within ten (10) Business Days of the Trimaran Group's receipt of FS's Demand Notice, in which case FS shall not be deemed to have exercised its right to deliver a Demand Notice. Notwithstanding any other provisions of this Agreement to the contrary, FS shall have the right to participate in such demand and any other demand registration by any member of the Trimaran Group on a pro rata basis with the members of the Trimaran Group based on the number of shares sought to be included in such demand by FS and the members of the Trimaran Group and any member of the Trimaran Group shall have the right to participate in any demand registration by FS or its transferees on a pro rata basis with FS or its transferees based on the number of shares sought to be included in such demand by FS or its transferees and the members of the Trimaran Group.

1.7.2. Section 7.3(b)(i) shall be amended to read in their entirety as follows:

(i) first, all Demand Securities proposed to be sold by the Trimaran Group and all securities proposed to be sold by FS (if FS is then an Additional Stockholder) in such offering to be allocated pro rata among the Trimaran Group and FS based on the number of shares sought to be included in such demand by FS and the members of the Trimaran Group.

1.7.3. A new Section 7.3A shall be added to the Agreement as follows:

Section 7.3A. FS Form S-3 Registration Rights. At the time set forth in Section 8.07(b) of the LLC Agreement, as amended, and subject to the terms and conditions in Section 8.07 thereof as if FS were an Investor Member (as defined in therein), FS shall

have Short Form Demand Rights (as defined therein) with respect to its shares of Company common stock (the “S-3 Registrable Stock”) for so long as the aggregate number of shares of S-3 Registrable Stock held by FS equals (A) an amount which would equal more than 15% of the outstanding Membership Units of Trimaran if FS were still a member of Trimaran; provided that the LLC Agreement, as amended, is still in effect or (B) if the LLC Agreement is not in effect, an amount equal to 15% of the aggregate outstanding shares of Company common stock; provided further that for purposes of this Agreement, S-3 Registrable Stock shall not include (i) any securities sold to the public either pursuant to a Registration Statement which has been declared effective under Securities Act or pursuant to Rule 144 of the Securities Act (or any successor provision thereof), or (ii) securities which, in the written opinion of counsel to the Company, reasonably acceptable to FS, may be sold during any single three-month period under Rule 144; provided that such securities include all of the shares of Company common stock collectively held by FS; provided further that (A) the Company shall not be required to file registration statements pursuant to any Short Form Demand Right more than twice in any 12-month period. Such Short Form Demand Rights shall not reduce the two demand registrations to which FS is entitled under Section 7.1.

1.8. A new Section 12.2 shall be added to the Agreement and Article XII shall be retitled EXCULPATION AND FINANCIAL INFORMATION.

12.2 Financial Information. For so long as FS holds 5% or more of the aggregate outstanding shares of common stock of the Company, FS shall be entitled to receive the financial statements and reports of the Company that a member of Trimaran is entitled to receive pursuant to Section 9.04 of the LLC Agreement, as amended; provided that FS complies with all applicable securities regulations, including without limitation, if applicable, by entering into a confidentiality agreement.

1.9. Section 13.10(c) of the Agreement shall be amended to read in its entirety as follows:

Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or any Stockholder except in connection with Transfers of Company Stock to Permitted Transferees and other Persons permitted by the terms of this Agreement. Notwithstanding anything to the contrary in this Agreement, FS may assign its rights under this Agreement to a purchaser permitted under the LLC Agreement or this Agreement, as applicable, of 100% of the units collectively held by FS (exclusive of Starrett who shall not retain any rights under this Agreement after such Transfer) in Trimaran or 100% of the shares of common stock of CAC that FS collectively holds provided that at the time of such assignment and purchase, FS collectively has beneficial ownership (as defined under Rule 13d-3 of the Exchange Act) of at least 10% of the aggregate outstanding shares of CAC common stock.

2. Reference to and Effect upon the Agreement. Except as specifically set forth above, the Agreement shall remain in full force and effect and is hereby ratified and confirmed. The

execution, delivery and effectiveness of this Amendment shall not constitute an amendment of any provision of the Agreement, except as specifically set forth herein. The Company and Trimaran will not consent to the revision, amendment or alteration of the Agreement in a manner that would have a material adverse effect on the rights of FS without the consent of FS.

3. **Headings.** The section headings contained in this Amendment are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Amendment.

4. **Counterparts; Effectiveness.** This Amendment may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment as of the date first written above.

CHICKEN ACQUISITION CORP.

By: /s/ Dean C. Kehler

Name: Dean C. Kehler

Title: Vice President

TRIMARAN POLLO PARTNERS, L.L.C.

By: /s/ Dean C. Kehler

Name: Dean C. Kehler

Title: Vice President

*[Amendment No. 2 to Stockholders Agreement Signature Page]*

**SECOND AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY  
OPERATING AGREEMENT  
OF  
TRIMARAN POLLO PARTNERS, L.L.C.  
DATED AS OF MARCH 8, 2006**

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SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY

OPERATING AGREEMENT

OF

TRIMARAN POLLO PARTNERS, L.L.C.

This Second Amended and Restated Limited Liability Company Operating Agreement (the "Agreement") of Trimaran Pollo Partners, L.L.C. (the "Company") is made, entered into and effective as of March 8, 2006 by and among the parties whose names and addresses are set forth on Schedule A hereto as members, and such other parties that are admitted as members in accordance with the terms hereof (each a "Member," and collectively, the "Members").

WITNESSETH:

WHEREAS, an authorized person has caused to be formed, and the parties hereto desire to continue, the Company as a limited liability company under the Delaware Limited Liability Company Act, as amended (the "Act");

WHEREAS, the parties entered into a First Amended and Restated Limited Liability Company Operating Agreement, dated as of November 18, 2005, as amended as of January 4, 2006, to formalize their understandings with respect to (i) the manner in which the Company will be organized and operated and (ii) their respective ownership interests and related rights and restrictions; and

WHEREAS, the parties desire to further amend and restate the limited liability company operating agreement of the Company, as more fully set forth herein;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises of the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

**DEFINED TERMS**

Section 1.01 Certain Definitions. As used in this Agreement, the following terms have the following meanings:

“Act” has the meaning set forth in the recitals.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly Controls, is Controlled by, or is under common Control with, such Person.

“Agreement” has the meaning set forth in the preamble.

“American Securities” means ASP EPL L.L.C. and any successor thereto.

“Beneficial Ownership” has the meaning set forth in Rule 13d-3 of the Securities Exchange Act of 1934, as amended.

“Book Value” means, with respect to any Company asset, the asset’s adjusted basis for federal income tax purposes, except that the Book Values of all Company assets shall be adjusted to equal their respective fair market values (as determined by the Managing Member in its good faith judgment), in accordance with the rules set forth in Section 1.704-1(b)(2)(iv)(f) of the Treasury Regulations.

“Breaching Drag-Along Member” has the meaning set forth in Section 8.04(e).

“Business Day” means any day other than a Saturday, Sunday or a day on which commercial banks located in New York, New York are required or authorized by law to be closed.

“CAC” means Chicken Acquisition Corp., a Delaware corporation and any successor thereto.

“CAC Board” has the meaning set forth in Section 3.04(a).

“Capital Account” has the meaning set forth in Section 4.04(a).

“Capital Contribution” means, with respect to any Member, the total amount of cash or the value of other property contributed to the Company by such Member pursuant to this Agreement; provided that the Managing Member shall determine in its reasonable discretion the value of any property other than cash contributed by any Member; provided, further, that any Capital Contributions made following the date of this Agreement shall consist solely of cash. It is understood that with respect to securities contributed to the Company by American Securities pursuant to the Exchange and Contribution Agreement, dated as of November 18, 2005, such securities shall be valued consistently with the value set forth therein.

“Certificate of Formation” has the meaning set forth in the recitals.

“Closing Date” means the date hereof.

“Code” means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Any reference to a section of the Code shall include a reference to any successor provision thereto.

“Company” has the meaning set forth in the preamble.

“Continental Member” means the Continental Casualty Company.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and “Controlled” has a correlative meaning.

“Covered Person” means a current or former Member or Director, an Affiliate of a current or former Member or Director, any officer, director, shareholder, partner, member, employee, representative or agent of a current or former Member or Director or any of their respective Affiliates, or any current or former officer, employee or agent of the Company or any of its Affiliates.

“De Minimis Interest Amount” means, with respect to any Investor Member, twenty-five percent (25%) of the aggregate number of Membership Units issued to such Investor Member as of the Closing Date.

“Demand Notice” has the meaning set forth in Section 8.07(c).

“Drag-Along Member” has the meaning set forth in Section 8.04(b).

“Drag-Along Notice” has the meaning set forth in Section 8.04(b).

“Drag-Along Transfer” has the meaning set forth in Section 8.04(a).

“Election Notice” has the meaning set forth in Section 7.02(c).

“Election Period” has the meaning set forth in Section 7.02(c).

“Equity Syndication” means any Transfer or Transfers by the Trimaran Vehicles of a number of Membership Units which the Trimaran Vehicles received in respect of their initial Capital Contribution, up to \$60.0 million in the aggregate, made within six (6) months of the date hereof.

“ERISA” means the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder. Any reference to a section of ERISA shall include a reference to any successor provision thereto.

“Escrow Agent” has the meaning set forth in Section 8.04(f).

“Existing Agreement” has the meaning set forth in the recitals.

“Formation Date” means October 19, 2005.

“GAAP” means U.S. generally accepted accounting principles in effect from time to time.

“Indemnified Person” has the meaning set forth in Section 10.01(a).

“Initial Holding Period” has the meaning set forth in Section 8.01(a).

“Investment Company Act” means the U.S. Investment Company Act of 1940, as amended from time to time.

“Investor Member” means the Persons set forth on Schedule C. “Investor Members” shall exclude Trimaran Vehicles and their Affiliates that are Members hereunder.

“IPO” means an initial registered offering of any equity securities of CAC or a Subsidiary thereof to the public under the Securities Act.

“Management and Monitoring Agreement” means the agreement entered into between Trimaran Fund Management, L.L.C. (and/or its respective Affiliates) and CAC, pursuant to which CAC agrees to pay certain transaction and monitoring fees to Trimaran Fund Management, L.L.C. (or its respective designee).

“Managing Member” has the meaning set forth in Section 3.02.

“Marketable Securities” means securities that are (i) traded on a national securities exchange in the United States, (ii) reported through an automated inter-dealer quotation system in the United States or (iii) otherwise actively traded over-the-counter in the United States, and, in each case, are not subject to restrictions on transfer as a result of applicable contract provisions, the provisions of the Securities Act (or regulations thereunder other than the volume and method-of-sale restrictions applicable to affiliates of an issuer pursuant to Rule 144 promulgated thereunder or any successor thereto), or other applicable law.

“Material Subsidiary” means each of the entities set forth on Schedule D and any other Subsidiary of the Company following the date hereof with revenues or assets that are in excess of one million dollars (\$1,000,000) or are otherwise material to the business of the Company and its Subsidiaries, taken as a whole.

“Member” has the meaning set forth in the preamble.

“Membership Units” means membership interests in the Company.

“Net Income and Net Loss” means, for each fiscal year or other period, the taxable income or loss of the Company, or particular items thereof, determined in accordance with the accounting method used by the Company for federal income tax purposes with the following adjustments: (a) any income of the Company that is exempt from federal income taxation and not otherwise taken into account in computing Net Income and Net Loss shall be added to such taxable income or loss; (b) if the Book Value of any asset differs from its adjusted tax basis for federal income tax purposes, any gain or loss resulting from a disposition of such asset shall be calculated with reference to such Book Value; (c) upon an adjustment to the Book Value of any asset pursuant to the definition of Book Value, the amount of the adjustment shall be included as gain or loss in computing such taxable income or loss; (d) if the Book Value of any asset differs from its adjusted tax basis for federal income tax purposes, the amount of depreciation, amortization or cost recovery deductions with respect to such asset for purposes of determining Net Income and Net Loss shall be an amount that bears the same ratio to such Book Value as the federal income tax depreciation, amortization or other cost recovery deductions

bears to such adjusted tax basis (provided that if the federal income tax depreciation, amortization or other cost recovery deduction is zero, the Managing Member may use any reasonable method for purposes of determining depreciation, amortization or other cost recovery deductions in calculating Net Income and Net Loss); and (e) any expenditures of the Company not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Net Income and Net Loss pursuant to this definition, shall be treated as deductible items.

“Newly Issued Securities” has the meaning set forth in Section 7.02(a).

“Necessary Action” means, with respect to a specified result, all actions (to the extent such actions are, at the time taken, within the power of the Person taking such actions and are permitted by law) necessary to cause such result, including (i) voting or providing a written consent or proxy with respect to the voting securities of CAC, (ii) causing the adoption of stockholders’ resolutions and amendments to the certificate of incorporation and by-laws of CAC, (iii) causing members of the CAC Board (to the extent such members were nominated or designated by the Person obligated to undertake the Necessary Action, and subject to any fiduciary duties that such members may have as directors of CAC) to act in a certain manner or causing them to be removed in the event they do not act in such a manner, (iv) executing agreements and instruments, and (v) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result; provided that none of the actions set forth in this definition shall limit the ability of the Company to sell or otherwise dispose of securities in accordance with the terms of this Agreement.

“Non-Trimaran Director” has the meaning set forth in Section 3.04(a).

“Offer Notice” has the meaning set forth in Section 8.02(a)(i).

“Person” means any individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

“Plan” has the meaning set forth in Section 12.01(p).

“Preemptive Rights Notice” has the meaning set forth in Section 7.02(c).

“Pro Rata Portion” means:

(a) for purposes of Section 7.01, a number of equity securities (including but not limited to Membership Units) or amount of debt securities, as applicable, equal to the product of (i) the number of equity securities or amount of debt securities, as applicable, the Company proposes to issue on the relevant issuance date and (ii) a fraction, the numerator of which is the number of Membership Units held by the relevant Member immediately prior to such date and the denominator of which is the aggregate number of Membership Units held by all Members immediately prior to such date; provided that if, at the time of any proposed debt issuance, the Company has outstanding debt securities, the numerator will be the amount of debt securities held by the relevant Member immediately prior to such issuance date and the denominator will be the aggregate amount of debt securities held by all Members immediately prior to such date;

(b) for purposes of Section 7.02 in respect of Newly Issued Securities, a number of Newly Issued Securities equal to the product of (i) the number of Newly Issued Securities that the Company is permitted to purchase on any date upon exercise of its preemptive rights in accordance with the Stockholders Agreement and (ii) a fraction, the numerator of which is the number of Membership Units held by the relevant Member immediately prior to such date and the denominator of which is the aggregate number of the Membership Units held by all Members immediately prior to such date;

(c) for purposes of Section 7.02 in respect of Other Securities, a number of Other Securities equal to the product of (i) the aggregate number of such securities that the Company is permitted to purchase pursuant to Section 7.03 on the relevant issuance date and (ii) a fraction, the numerator of which is the number of Membership Units held by the relevant Member immediately prior to such date and the denominator of which is the aggregate number of Membership Units held by all Members immediately prior to such date;

(d) for purposes of Section 8.03, a number of Membership Units equal to the product of (i) the number of Membership Units held by the Tagging Member and (ii) a fraction, the numerator of which is the number of Membership Units proposed to be Transferred by the Transferring Members in connection with the Tag-Along Transfer and the denominator of which is the aggregate number of Membership Units held by such Transferring Members immediately prior to such Tag-Along Transfer;

(e) for purposes of Section 8.04, a number of Membership Units equal to the product of (i) the number of Membership Units held by the relevant Drag-Along Member and (ii) a fraction, the numerator of which is the number of Membership Units proposed to be Transferred by the Selling Members to the Drag-Along Buyer and the denominator of which is the aggregate number of Membership Units of the Selling Members.

“Purchase Agreement” means the Stock Purchase Agreement, dated September 27, 2005, among Chicken Acquisition Corp., EPL Holdings, Inc., EPL Intermediate, Inc., El Pollo Loco, Inc. and American Securities Capital Partners, L.P.



“Qualified Purchaser” has the meaning set forth in Section 12.01(f).

“Securities Act” means the U.S. Securities Act of 1933, as amended from time to time.

“Selling Members” has the meaning set forth in Section 8.04(a).

“Stockholders Agreement” means the agreement entered into among the Company, CAC and certain other parties thereto as of the Closing Date setting forth, among other things, certain drag-along, registration and preemptive rights granted to the Company in respect of the equity securities of CAC, a draft of which is attached as Exhibit A hereto.

“Subsidiary” means, with respect to any Person, any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary) (a) owns, directly or indirectly, fifty percent (50%) or more of the stock, partnership interests or other equity interests which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, partnership, joint venture or other legal entity; or (b) possesses, directly or indirectly, control over the direction of management or policies of such corporation, partnership, joint venture or other legal entity (whether through ownership of voting securities, by agreement or otherwise).

“Tag-Along Notice” has the meaning set forth in Section 8.03(b).

“Tag-Along Transfer” has the meaning set forth in Section 8.03(a).

“Tagging Member” has the meaning set forth in Section 8.03(a).

“Termination Date” has the meaning set forth in Section 11.06(a).

“Threshold Interest Amount” means, with respect to any Investor Member, fifty percent (50%) of the aggregate number of Membership Units issued to such Investor Member as of the Closing Date.

“Transfer” means, with respect to any Membership Units, a transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or disposition, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily or by operation of law, of such Membership Units, and “Transferred” and “Transferee” each have a correlative meaning. For purposes of this definition, the term “Transfer” shall exclude (i) the transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or disposition,

including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily or by operation of law, of the interest held by any limited partner or member in a Member, other than such limited partners or members that are Affiliates of the Managing Member or an Investor Member and (ii) the transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or disposition, involuntarily or by operation of law, of any interest in any Person that directly or indirectly Controls or owns a Member that (x) if publicly traded, has an aggregate market capitalization in excess of \$500 million, (y) if not publicly traded, has assets with a fair market value (as reasonably determined in good faith by the Board of Directors (or similar body) of such parent entity) in excess of \$500 million or (z) is otherwise consented to in writing by the Managing Member (such consent not to be unreasonably withheld).

“Transferring Member” has the meaning set forth in Section 8.03(a).

“Treasury Regulations” shall mean the income tax regulations promulgated under the Code, as amended from time to time (including any successor regulations).

“Trimaran” means Trimaran Capital, L.L.C., a Delaware limited liability company, and any successor thereto.

“Trimaran Director” has the meaning set forth in Section 3.04(a).

“Trimaran Principal” shall mean any of Jay R. Bloom, Andrew R. Heyer or Dean C. Kehler.

“Trimaran Vehicle” means any of Trimaran Fund II, L.L.C., Trimaran Parallel Fund II, L.P., Trimaran Capital, L.L.C., CIBC Employee Private Equity Fund (Trimaran) Partners and CIBC Capital Corporation and any of their respective Affiliates that are Members hereunder. The Trimaran Vehicles shall be considered a single Member for purposes of this Agreement, except as expressly provided.

“Voting Securities” means securities entitled to vote in any election of the board of directors (or other similar governing body) of any Person, measured by voting power rather than number of securities.

Section 1.02 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms thereof.

(b) The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection, Section, Exhibit, Schedule and Annex references are to this Agreement unless otherwise specified.

(c) The term “including” is not limiting and means “including without limitation.”

(d) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(e) Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

## ARTICLE II

### ORGANIZATION

Section 2.01 Formation of the Company. The Members hereby:

(a) approve and ratify the filing of the Certificate of Formation with the Secretary of State of the State of Delaware on the Formation Date by Mary Keogh and all actions taken by or on behalf of the Company on or prior to the execution of this Agreement (which have been solely organizational in nature); and

(b) confirm and agree to their status as Members of the Company as set forth herein.

Section 2.02 Office of the Company. The Company shall have its principal office at 622 Third Avenue, 35<sup>th</sup> Floor, New York, New York 10017, and may establish such other offices or places of business for the Company as the Managing Member may in its sole discretion deem appropriate.

Section 2.03 Registered Office and Registered Agent. The Company shall have its registered office in the State of Delaware at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801. The name of the Company’s registered agent at such address is The Corporation Trust Company.

Section 2.04 Purposes of the Company; Investments. The purposes of the Company shall be to, directly or indirectly, (a) invest in, hold and dispose of (i) (A) the securities of CAC and/or (B) any securities acquired by the Company in respect of, or in exchange for,

such securities in connection with a transaction in which all the stockholders of CAC are given an opportunity to participate on a pro rata basis and/or (ii) the securities of any other Persons involved in the restaurant or restaurant services businesses that constitute an addition or extension of the El Pollo Loco, Inc. business; (b) receive dividends, interest or other passive income and gains in connection therewith; and (c) take any action that is necessary, advisable or appropriate in connection therewith.

Section 2.05 Term of the Company. The existence of the Company commenced as of the date that the Certificate of Formation was filed with the Secretary of State of the State of Delaware and shall continue until dissolution thereof in accordance with the provisions of this Agreement.

### ARTICLE III

#### MANAGEMENT OF THE COMPANY; CAC BOARD

Section 3.01 Management Generally. Except as expressly set forth herein or under the Act, the full and exclusive right, power and authority to manage the Company is vested in, and reserved to, the Managing Member. The business and affairs of the Company shall be conducted, and its capital, assets and funds shall be managed, dealt with and disposed of exclusively by the Managing Member and, except as expressly set forth herein or under the Act, all decisions to be made by or on behalf of the Company shall be made solely by the Managing Member; provided that the Managing Member agrees to act reasonably and in good faith in taking such actions or making such decisions.

Section 3.02 Managing Member. Trimaran Capital, L.L.C. shall be the managing Member of the Company (the "Managing Member"). In the event that the Managing Member is unable to serve as Managing Member, or having commenced to serve, withdraws, such withdrawing Managing Member shall, at the sole option of the Managing Member select a replacement (which replacement shall be an Affiliate of the Managing Member).

Section 3.03 Officers. (a) The Managing Member may, from time to time, designate one or more persons to be officers of the Company. No officer need be a resident of the State of Delaware. Any officers so designated shall have such authority and perform such duties as the Managing Member may, from time to time, delegate to them. The Managing Member may assign titles to particular officers. Unless the Managing Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the General Corporation Law of the State of Delaware, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any restrictions on such authority imposed by the Managing Member. Any number of offices may be held by the same person. Without regard to the general delegation to the officers as set forth above, each officer who holds the title of "President", "Senior Vice President" or "Vice President", acting alone, shall have the authority to make, enter into and perform all

contracts, agreements, reports and undertakings of the Company that have been authorized by the Managing Member. In each case, the execution and delivery of such contracts, agreements or other documents, or the taking of any actions in connection therewith, shall be conclusive evidence of the Company's approval thereof, and no further approval by the Company shall be required.

(b) Each officer shall hold office until his or her successor shall be duly designated and qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

(c) Any officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Managing Member. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(d) Any officer may be removed as such, either with or without cause, by the Managing Member at any time. Any vacancy occurring in any office of the Company may be filled by the Managing Member.

(e) The following persons are hereby appointed officers of the Company:

Steven A. Flyer — President

Dean C. Kehler — Vice President

Andrew R. Heyer — Vice President

Jay R. Bloom — Vice President and Secretary

David L. Benyaminy — Assistant Secretary

Section 3.04 CAC Board. (a) The board of directors of CAC (the "CAC Board") shall initially consist of a total of seven (7) directors. Except as provided by Section 3.04(c) below, the Managing Member may cause the Company to change the total number of directors comprising the CAC Board, to designate or change the class and voting power of such directors, to appoint any additional directors to the CAC Board and to fill any vacancies on the CAC Board. The Company shall take all Necessary Action to cause any decision of the Managing Member pursuant to the preceding sentence to be effectuated as the Managing Member deems appropriate.

(b) All directors on the CAC Board shall be designated by the Trimaran Vehicles, except as provided in Section 3.04(c) below. All Persons designated to the CAC Board by the Trimaran Vehicles shall be "Trimaran Directors" and all others (including those designated pursuant to Sections 3.04(c) and 3.04(e) below) shall be "Non-Trimaran Directors."

Subject to Section 3.04(c), the Non-Trimaran Directors shall initially include one designee of American Securities. All Persons to be elected as Trimaran Directors shall be designated by the Trimaran Vehicles, in a manner specified by the Managing Member. The Company and the Managing Member shall take all Necessary Action to cause the election of any Persons properly designated as Trimaran Directors or Non-Trimaran Directors.

(c) For so long as an Investor Member (together with its Affiliates) holds at least fifteen (15)% of the aggregate number of Membership Units outstanding, such Investor Member shall have the right, but not the obligation, to designate one (1) Person to be elected as a Non-Trimaran Director, and the Company shall take all Necessary Action to cause the election of such Person as a Non-Trimaran Director; provided, however, American Securities shall have the right, but not the obligation, to elect (or have elected by the Members) one Person to the CAC Board (which Person shall initially be Glenn Kaufman) until such time as American Securities no longer holds Membership Units; provided further, however, that upon consummation of an IPO, such right shall remain until such time as American Securities holds less than its Threshold Interest Amount.

(d) Notwithstanding anything to the contrary herein, any Non-Trimaran Director shall be reasonably acceptable to the Managing Member (it being understood that Glenn Kaufman, David L. Horing and Michael G. Fisch are reasonably acceptable to the Managing Member). The Company and the Managing Member shall take all Necessary Action to cause the election of any Non-Trimaran Director pursuant to the foregoing.

(e) The Company shall take all Necessary Action to cause the election of the chief executive officer of EPL Holdings, Inc. as a Non-Trimaran Director.

(f) Persons serving on the CAC Board or the boards of other Subsidiaries of the Company shall be reimbursed for reasonable, documented travel expenses incurred in connection with attendance at applicable board meetings.

(g) The board of directors of each Material Subsidiary shall (i) consist of the same proportion of Trimaran Directors and Non-Trimaran Directors as that of the CAC Board and (ii) be elected and appointed in the same manner as the CAC Board, with each Investor Member that has the right to designate a member of the CAC Board having the right to designate a member of the board of directors of each Material Subsidiary. The Managing Member shall amend Schedule D to reflect any additional Material Subsidiaries. The Company shall use its reasonable best efforts to provide that directors and officers liability insurance maintained by CAC, and indemnification rights applicable to CAC directors, shall be similarly maintained or provided, as applicable, to Members serving in their capacities as directors of Material Subsidiaries.

(h) The Continental Member shall have observer rights with respect to CAC Board meetings.

Section 3.05 Meetings of Members. Meetings of Members may be called by the Managing Member from time to time. Notice of any meeting shall be given to all Members not less than three nor more than 20 Business Days prior to the date of such meeting and shall state the location, date and hour of the meeting. Meetings shall be held at the location (within and without the State of Delaware) at the date and hour set forth in the notice of the meeting. No notice of any meeting of Members need be given to any Member who submits a signed waiver of notice, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Members need be specified in a written waiver of notice. The attendance of any Member at a meeting of Members shall constitute a waiver of notice of such meeting, except when the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.06 Member Transactions. Transactions between the Company, on the one hand, and any Member (or an Affiliate thereof) shall be on terms no less favorable to the Company than terms that could be obtained on an arms length basis from an unrelated third party; provided that transactions that are not arms length shall be subject to approval by holders of a majority of the aggregate Membership Units held by Members that are disinterested with respect to the applicable transaction (it being agreed that any Member that is a limited partner of an interested party shall be deemed disinterested for this purpose unless such Member has a direct pecuniary interest in the applicable transaction or is an Affiliate of a Member that has a direct pecuniary interest in the applicable transaction); provided further however that if no Members are disinterested, no such separate approval shall be required. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, an increase or series of increases in the annual monitoring fee payable to an Affiliate of Trimaran under the Management and Monitoring Agreement not to exceed \$500,000 in the aggregate (i.e., to provide for an annual aggregate monitoring fee of up to \$1,000,000), as determined in the discretion of Trimaran in good faith, shall not be subject to any disinterested Member approval hereunder or otherwise so long as such increase is intended to reasonably compensate Affiliates of Trimaran for incremental monitoring responsibilities or activities to be performed by Affiliates of Trimaran under such agreement relative to the responsibilities or activities performed by them as of the date hereof. For the avoidance of doubt, the foregoing provision shall not apply to transactions expressly contemplated by this Agreement (including but not limited to transactions covered under Articles IV, VII and VIII).

Section 3.07 Other. The Managing Member agrees that it will not take any action which would discriminate against any Investor Member (including as a result of holding a minority interest in the Company) in general or relative to the interests of the Managing Member, other than with respect to those rights that the Managing Member has in its capacity as a managing member under this Agreement as in effect as of the date hereof.

## ARTICLE IV

### CAPITAL CONTRIBUTIONS, MEMBERSHIP UNITS AND CAPITAL ACCOUNTS

Section 4.01 Capital Contributions. (a) At or prior to the execution of this Agreement, (i) each Member has made a Capital Contribution to the Company in the amount set forth opposite such Member's name on Schedule B and, in consideration thereof, the Company has issued to such Member the number of Membership Units set forth opposite such Member's name on Schedule B; (ii) the Trimaran Vehicles contributed to the Company all of the shares of common stock of CAC held by Trimaran, pursuant to a contribution agreement in a form reasonably acceptable to the Managing Member; and (iii) American Securities contributed to the Company all of the shares of common stock of CAC held by American Securities, pursuant to the Exchange and Contribution Agreement, dated as of November 18, 2005.

(b) With respect to cash amounts received by the Company pursuant to subsection (a) above, any of the Officers of the Company shall be authorized to authorize the contribution of all or a portion of such funds promptly to CAC and/or any other Subsidiary thereof. Notwithstanding anything to the contrary, no further approval of the Board of Directors of CAC shall be required with respect to the foregoing.

Section 4.02 Additional Capital Contributions. (a) Except as provided in Section 4.01, or in connection with the exercise of the rights set forth in Section 7.01 and 7.02(d) by such Member, no Member shall be obligated to make Capital Contributions to the Company without the consent of such Member, nor shall any Member be entitled to make any Capital Contribution other than as set forth in Section 4.01 or pursuant to Article VII; provided that this sentence shall not limit the obligations of Members to make payments pursuant to Section 8.01(e). The Managing Member shall amend Schedule B to reflect the making of any additional Capital Contributions and the issuance of any additional Membership Units.

(b) The Company shall issue one or more additional classes of membership interests in the Company in connection with additional Capital Contributions to the Company. In connection with any such additional issuance, the Managing Member shall determine the terms and conditions applicable to such new membership interests and shall amend this Agreement (including Article V hereof) to reflect the issuance of such new membership interests. Notwithstanding the foregoing, (i) no issuance of additional membership interests pursuant to the terms of this Section 4.02(b) shall adversely affect the economic rights attached to Membership Units issued on the Closing Date and (ii) if any amendment made pursuant to the terms of this Section 4.02(b) would have an adverse economic effect on a Member (other than as a result of such Member electing not to exercise any rights granted to such Member pursuant to the terms of this Agreement), such amendment shall require the prior written consent of such Member. Issuances of membership interests in respect of additional Capital Contributions shall be on an arms length basis.



Section 4.03 Additional Members. Subject to the provisions of Section 7.01, the Managing Member may admit one or more additional Members to the Company on such terms as the Managing Member may determine. An additional Member shall (a) execute a counterpart to this Agreement and (b) make a Capital Contribution to the Company in an amount determined by the Managing Member. The Managing Member shall amend Schedule B to reflect the admission of any additional Members.

Section 4.04 Capital Accounts. (a) The Company shall maintain separate capital accounts (a "Capital Account") for each Member in accordance with the following provisions:

(i) Each Member's Capital Account shall be increased by the amount of such Member's Capital Contributions, any Net Income (and items thereof) allocated to such Member pursuant to Section 6.01, and the amount of any Company liabilities assumed by such Member.

(ii) Each Member's Capital Account shall be decreased by the amount of cash and the gross fair market value (as determined by the Managing Member in its good faith judgment) of any other Company property distributed to such Member (net of any liabilities the Member is considered to assume or take such property subject to), any Net Loss (and items thereof) allocated to such Member pursuant to Section 6.01 and the amount of any liabilities of such Member assumed by the Company.

(iii) In the event all or any portion of a Member's Membership Units are Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of such Member to the extent such Capital Account relates to the Transferred Membership Units.

(b) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations issued under Section 704(b) of the Code and shall be interpreted and applied in a manner consistent with such Treasury Regulations. The Managing Member shall be authorized to make appropriate amendments to the allocations of items pursuant to this Section 4.04 if necessary in order to comply with Section 704 of the Code or applicable Treasury Regulations thereunder, provided that no such change shall reduce the amount distributable to any Member pursuant to this Agreement.

Section 4.05 Return of Capital. Except upon the dissolution of the Company or as otherwise provided herein, no Member shall have the right to withdraw from the Company or to demand or to receive the return of all or any part of its Capital Account or its Capital Contributions.

Section 4.06 No Interest on Capital Contribution. No Member shall be paid interest on any of its Capital Contributions or on its Capital Accounts.

## ARTICLE V

### DISTRIBUTIONS

Section 5.01 Distributions. (a) Except as otherwise set forth herein and subject to the second sentence hereof, distributions to the Members shall be made at such times and in such amounts as the Managing Member shall determine in its sole discretion; provided that, subject to Section 8.07, any such distributions (including for this purpose any transfer of Members' indirect ownership interests in CAC to the Members), shall be made pro rata in accordance with the Members' respective Membership Units. Subject to the maintenance by the Company of appropriate reserves (as determined by the Managing Member in its reasonable judgment), the Company shall promptly (and in any event within fifteen (15) Business Days) distribute all cash it receives in respect of its ownership interest in CAC and, to the extent practicable, shall make such distributions to Members in sufficient time for Members (or their direct or indirect owners) to pay any taxes with respect to their proportionate indirect ownership interests in CAC.

(b) Distributions may be made in cash or property, as determined by the Managing Member in its reasonable judgment; provided that any such distributions to the Members shall consist of the same relative composition of cash and/or property to each Member, except as otherwise expressly permitted herein.

(c) In the event the Managing Member distributes non-Marketable Securities to any Member pursuant to the terms of this Agreement, other than (i) Newly Issued Securities or (ii) any securities distributed in connection with a dissolution of the Company (other than a dissolution pursuant to Section 11.01(a)(i)), such Member shall enter into a stockholders agreement with the Managing Member (or its designee) in respect of such non-Marketable Securities (i) containing substantially the same terms and conditions as set forth in Articles VII, VIII, and XIII, and Sections 9.04 and 3.04 hereof, (ii) providing that the right to vote such non-Marketable Securities shall remain with the Company or, if the Company has been dissolved, shall lie with the Managing Member and (iii) in the event that such non-Marketable Securities are distributed to the limited partners of the any of the Trimaran Vehicles, containing no greater restrictions on such Member than apply to the non-Marketable Securities that are held by the limited partners of such Trimaran Vehicle. Any such agreement shall terminate upon the earlier of (i) the time that the Managing Member (or its Affiliates) no longer Controls, directly or indirectly, CAC, and (ii) the sixth anniversary of an IPO.

(d) In the event that following an IPO (i) (a) American Securities holds less than its Threshold Interest Amount and (b) the Managing Member elects to remove the representative of American Securities from the CAC Board and each Subsidiary Board (in

accordance with the rights set forth in Section 3.04(c)) or (ii) American Securities holds less than its De Minimis Interest Amount and the market value of the CAC common stock beneficially owned by American Securities through its membership interests in the Company constitutes less than five percent (5%) of the aggregate market value of the public float of CAC common stock, then (in either case (i) or (ii)) American Securities shall be entitled to receive a pro rata distribution of the shares of CAC common stock held by the Company in proportion to its ownership of membership interests in the Company (as determined by the Managing Member in good faith) for subsequent resale in compliance with applicable securities laws. In the event that American Securities receives any distribution of shares pursuant to the foregoing, American Securities agrees that it shall comply with any customary requests by underwriters with respect to lockup or similar arrangements with securityholders to the extent officers and directors and/or major stockholders are similarly bound. Any distribution to American Securities pursuant to this Section 5.01(d) foregoing shall be in termination of its entire interest in the Company.

(e) If (i) an IPO has occurred and (ii) on the Windup Distribution Date the market value of the CAC common stock beneficially owned by American Securities through its membership interests in the Company constitutes less than five percent (5%) of the aggregate market value of the public float of CAC common stock, then American Securities shall be entitled, on or following the Windup Distribution Date, to receive a pro rata distribution of the shares of CAC common stock held by the Company in proportion to its ownership of membership interests in the Company (as determined by the Managing Member in good faith) for either (i) subsequent distribution to American Securities' limited partners or members, as applicable or (ii) sale by American Securities and a subsequent distribution of the proceeds of such sale to its limited partners or members. For purposes of the foregoing, "Windup Distribution Date" shall mean four years following the date of this Agreement. In the event that American Securities receives any distribution of shares pursuant to the foregoing, American Securities agrees that it shall, and shall cause its limited partners or members, as applicable, to comply with any customary requests by underwriters with respect to lockup or similar arrangements with securityholders to the extent officers and directors and/or major stockholders are similarly bound. Any distribution to American Securities pursuant to this Section 5.01(e) shall be in termination of its entire interest in the Company.

Section 5.02 Limitations on Distribution. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to any Member on account of its Membership Units if such distribution would violate Section 18-607 of the Act or other applicable law.

Section 5.03 Offset. Whenever the Company is to pay any sum to any Member, any amounts such Member owes the Company or any of its Controlled Affiliates pursuant to this Agreement, as determined by the Managing Member in its reasonable judgment, may be deducted from such sum before payment, to the extent permitted by applicable law.

**ARTICLE VI**

**ALLOCATIONS**

Section 6.01 Allocation of Profits and Losses. (a) Except as otherwise set forth in this Section 6.01, for Capital Account purposes, Net Income (and items thereof) and Net Loss (and items thereof) for any fiscal period shall be allocated among the Members pro rata in accordance with each Member's respective Membership Units.

(b) For federal, state and local income tax purposes, items of income, gain, loss, deduction and expense shall be allocated to the Members in accordance with the allocations of the corresponding amount of Net Income (and items thereof) or amount of Net Loss (and items thereof) of which such items of income, gain, loss, deduction or expense are components for Capital Account purposes under this Section 6.01, except that items with respect to Company property for which there is a difference between tax basis and the Book Value of such property shall be allocated in accordance with Section 704(c) of the Code, the Treasury Regulations thereunder, and Treasury Regulations Section 1.704-1(b)(4)(i). The Company shall specially allocate long-term capital gains with respect to Membership Units for which a Member's holding period would entitle such Membership Units to be taxable as long-term capital gains if such Member sold such Membership Units.

(c) Notwithstanding any provision of this Section 6.01, no item of deduction, loss or expense shall be allocated to a Member to the extent the allocation would cause a negative balance in such Member's Capital Accounts (after taking into account the adjustments, allocations and distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) that exceeds the sum of (i) the amount that such Member would be required to reimburse the Company pursuant to this Agreement or under applicable law and (ii) the amount that such Member is deemed obligated to reimburse pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5). In the event some but not all of the Members would have such excess Capital Account deficits as a consequence of such allocation of loss, deduction or expense, the limitation set forth in this Section 6.01(c) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible deduction, loss or expense to each Member under Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations. In the event any loss, deduction or expense shall be specially allocated to a Member pursuant to the preceding sentence, an equal amount of income or gain of the Company shall be specially allocated to such Member prior to any allocation pursuant to Section 6.01(a).

(d) In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate as quickly as possible any deficit balance in its Capital Account in excess of that permitted under Section 6.01(c) created by such adjustments, allocations or distributions. Any special allocations of items of income or gain pursuant to this Section 6.01(d) shall be taken into account in computing subsequent allocations pursuant to this

Section 6.01 so that the net amount of any items so allocated and all other items allocated to each Member pursuant to this Section 6.01 shall, to the extent possible, be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Section 6.01 if such unexpected adjustments, allocations or distributions had not occurred.

(e) In the event the Company incurs any nonrecourse liabilities, income and gain shall be allocated in accordance with the “minimum gain chargeback” provisions of Section 1.704-1(b)(4)(iv) and 1.704-2 of the Treasury Regulations.

(f) The Capital Accounts of the Members shall be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(f) to reflect the fair market value (as determined by the Managing Member in its good faith judgment) of Company property whenever Membership Units are relinquished to the Company, whenever an additional Member is admitted to the Company in accordance with Section 4.03, upon any termination of the Company within the meaning of Section 708 of the Code, and when the Company is liquidated pursuant to Article XI, and shall be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(e) in the case of a distribution of any property (other than cash).

(g) All elections, decisions and other matters concerning the allocation of income, gains, losses, deductions and expenses among the Members, and accounting procedures, not specifically and expressly provided for by the terms of this Agreement, shall be determined by the Managing Member in good faith. Such determination made in good faith by the Managing Member shall, absent manifest error, be final and conclusive as to all Members.

(h) In the event of a Transfer of a Member’s Membership Units pursuant to Article VIII, at the request of the Member transferring such Membership Units or its successor in interest that the Company make an election under Section 754 of the Code, if such election would not materially adversely affect the interests of the Members, the Managing Member may, in its reasonable judgment, cause the Company to make such election (which election, unless properly revoked, will, in accordance with Section 754 of the Code and the Treasury Regulations thereunder, be binding with respect to all subsequent Transfers of Membership Units of the Company and with respect to certain distributions of property by the Company).

Section 6.02 Withholding. Notwithstanding any other provision of this Agreement, the Managing Member is authorized to take any action that it determines to be necessary or appropriate to cause the Company to comply with any foreign or United States federal, state or local tax withholding or deduction requirement with respect to any allocation, payment or distribution by the Company to any Member or other Person. All amounts so withheld or deducted with respect to any Member shall be treated as distributions to such Member under the applicable provisions of this Agreement. If any such withholding or deduction requirement with respect to any Member exceeds the amount distributable to such Member under the applicable provision of this Agreement, or if any such withholding or deduction requirement was not satisfied with respect to any amount previously allocated or

distributed to such Member, such Member and any successor or assignee with respect to such Member's Membership Units hereby indemnifies and agrees to hold harmless the Managing Member and the Company for such excess amount or such withholding or deduction requirement, as the case may be.

## ARTICLE VII

### PREEMPTIVE RIGHTS

Section 7.01 Additional Issuances of Equity and Debt Securities of the Company. (a) If, following the Closing Date, the Company proposes to issue additional equity securities or debt securities (other than any issuances pursuant to, or consequent upon, the exercise of the preemptive rights set forth in Section 7.02), the Company shall provide written notice to each Member of such anticipated issuance no later than twenty (20) Business Days prior to the anticipated issuance date. Such notice shall set forth the material terms and conditions of the issuance, including the proposed purchase price for the new equity securities or debt securities, as applicable, and the anticipated issuance date. Each Member shall have the right to purchase up to its Pro Rata Portion of such new equity securities or debt securities at the price and on the terms and conditions specified in the Company's notice by delivering an irrevocable written notice to the Company no later than five (5) Business Days before the anticipated issuance date, setting forth the number of such new equity securities or amount of new debt securities, as applicable, for which such right is exercised. Such notice shall also include the maximum number of new equity securities or amount of new debt securities, as applicable, the Member would be willing to purchase in the event any other Member elects to purchase less than its Pro Rata Portion of such equity securities or debt securities. If any Member elects not to purchase its full Pro Rata Portion of such new equity securities or debt securities, the Company shall allocate any remaining amount among those Members (pro rata in accordance with the Membership Units, or, in the case of a debt issuance that occurs when the Company already has outstanding debt securities, the debt securities then held by each such Member) who have indicated in their notice to the Company a desire to purchase new equity securities or debt securities in excess of their respective Pro Rata Portions.

(b) In the event Members do not purchase all such new equity or debt securities in accordance with the procedures set forth in Section 7.01(a), the Company shall have sixty (60) days after the expiration of the five (5) Business Day period to sell to other Persons (including other Members) the remaining new equity or debt securities at the price and on the terms and conditions specified in the Company's notice to the Members pursuant to Section 7.01(a). If the Company fails to sell such equity or debt securities within sixty (60) days of the notice provided pursuant to Section 7.01(a), the Company shall not thereafter issue or sell any equity or debt securities without first offering such equity or debt securities to the Members in the manner provided in Section 7.01(a). The Managing Member shall amend Schedule B to reflect the purchase by any Person of Membership Units in accordance with the terms of this Section 7.01.

Section 7.02 Additional CAC Securities. (a) The Members hereby acknowledge that the Company has been granted preemptive rights over future issuances of certain securities by CAC (the “Newly Issued Securities”) and securities of Subsidiaries of CAC (“Other Securities”) in each case pursuant to Article VIII of the Stockholders Agreement and that such rights (and the rights described in this Section 7.02) are subject to, qualified by, and exercisable solely in accordance with, the terms of the Stockholders Agreement.

(b) At any time that the Company is permitted to exercise its preemptive rights over Newly Issued Securities under the Stockholders Agreement, each Member shall have the right to cause the Company to purchase up to such Member’s Pro Rata Portion of such Newly Issued Securities in accordance with the procedures set forth herein. At any time that the Company is permitted to exercise its preemptive rights over Other Securities under the Stockholders Agreement, each Member shall have the right to cause the Company to purchase up to such Member’s Pro Rata Portion of such Other Securities in accordance with the procedures set forth herein so long as a Trimaran Vehicle (or an Affiliate thereof) is participating in such issuance (either directly or indirectly through a Capital Contribution by a Trimaran Vehicle or an Affiliate to the Company).

(c) The Company shall provide written notice (the “Preemptive Rights Notice”) to each Member of any proposed issuance of Newly Issued Securities or Other Securities (as the case may be) over which the Company has preemptive rights under the terms of the Stockholders Agreement promptly following the Company’s receipt of notice of such issuance pursuant to the Stockholders Agreement. Such Preemptive Rights Notice shall set forth the material terms and conditions of the issuance, including the proposed purchase price of the Newly Issued Securities or Other Securities (as the case may be), the proposed date of issuance of the Newly Issued Securities or Other Securities (as the case may be) and the Pro Rata Portion of Newly Issued Securities or Other Securities (as the case may be) such Member may cause the Company to purchase in connection with such issuance. Each Member shall have a period of ten (10) Business Days from the date the Preemptive Rights Notice is delivered (the “Election Period”) within which to cause the purchase of up to such Member’s Pro Rata Portion of Newly Issued Securities or Other Securities (as the case may be), at the price and upon the terms specified in the Preemptive Rights Notice, by delivering an irrevocable written notice (the “Election Notice”) to the Company setting out the number of Newly Issued Securities or Other Securities (as the case may be) for which such right is exercised. Such Election Notice shall also include the maximum number of additional Newly Issued Securities or Other Securities (as the case may be) such Member would be willing to cause the Company to purchase in the event any other Member elects to cause the purchase of less than its Pro Rata Portion of Newly Issued Securities or Other Securities (as the case may be). If any Member does not deliver an Election Notice within the Election Period, such Member shall be deemed to have irrevocably waived any and all rights under this Section 7.02 with respect to such Newly Issued Securities or Other Securities (as the case may be) (but not with respect to future issuances in accordance with this Section 7.02). In the event any Member elects not to cause the purchase of its full Pro Rata Portion of Newly Issued Securities or Other Securities (as the case may be), the Company shall allocate any remaining amount among those Members (pro rata in accordance with the Membership Units then held by each such Member) who have indicated in an Election Notice a desire to cause the purchase of additional Newly Issued Securities or Other Securities (as the case may be) in excess of their respective Pro Rata Portions.

(d) Promptly following the end of the Election Period, the Company shall notify each electing Member of the amount of Newly Issued Securities or Other Securities (as the case may be) for which it has exercised its rights under this Section 7.02, each such Member shall make a Capital Contribution to the Company in an amount equal to the purchase price for such Newly Issued Securities or Other Securities (as the case may be), and the Managing Member shall apply such Capital Contributions to the purchase by the Company of such Newly Issued Securities or Other Securities (as the case may be). The Managing Member, in its reasonable discretion, shall determine whether the Newly Issued Securities or Other Securities (as the case may be) shall be held by such Member or by the Company and, if by the Company, the number and class of new membership interests in the Company to be issued in respect of any Capital Contributions by such Member for such Newly Issued Securities or Other Securities (as the case may be) and the terms and conditions applicable to such membership interests. The Managing Member shall amend Schedule B to reflect the purchase of any such membership interests. Alternatively, in the event the Managing Member determines that such Member shall hold such Newly Issued Securities or Other Securities (as the case may be) directly rather than through its membership interest in the Company, such Member hereby agrees that it shall, upon the Managing Member's request, (i) enter into a shareholders agreement with the Managing Member (or its designee) in respect of such Newly Issued Securities or Other Securities (as the case may be) containing substantially the same terms and conditions set forth in Articles VII, VIII, and XIII hereof, and providing that the right to vote such Newly Issued Securities or Other Securities (as the case may be) shall remain with the Company, or, if the Company has been dissolved, shall lie with the Managing Member, until such time as the Managing Member (or its Affiliates) no longer Control, directly or indirectly, CAC, and (ii) become a party to the Stockholders Agreement (or a similar agreement containing registration rights); provided, in each case that acquiring such securities directly and entering into such stockholders agreement does not violate any of the provisions of the underlying agreements governing such Newly Issued Securities or Other Securities.

Section 7.03 Qualifications to Preemptive Rights. (a). [Intentionally Left Blank]

(b) Each Member may assign its preemptive rights (in whole or in part) under the terms of this Article VII to any of its Affiliates that is a Member. Any such assignment shall be set forth in the Election Notice or the notice delivered by such Member to the Managing Member under Section 7.01, as the case may be.

(c) In the event the Company holds Newly Issued Securities or Other Securities (as the case may be) that a Member has caused the Company to purchase pursuant to the provisions of Section 7.02 and in which no Trimaran Vehicle (or its Affiliates) has an interest, the Managing Member shall not sell such Newly Issued Securities or Other Securities (as the case may be) to any Person without the consent of such Member. For the avoidance of doubt, the provisions of this Section 7.03(c) shall in no way affect the rights or obligations of any Member pursuant to the provisions of Section 8.04 hereof.



## ARTICLE VIII

### TRANSFERS

Section 8.01 Transfer Restrictions. (a) Until the earlier of (i) the date following an IPO upon which at least 20% of the common stock of CAC or a Subsidiary thereof has been sold pursuant to a public offering or under Rule 144 promulgated under the Securities Act; and (ii) the fifth (5th) anniversary of the Closing Date (such earlier date, the “Initial Holding Period”), no Member, other than any Trimaran Vehicle, may Transfer any Membership Units, other than (i) to an Affiliate in accordance with the terms of Section 8.05; (ii) to a Trimaran Vehicle or any Person controlled by or under control, or common control, of any Trimaran Principal; or (iii) pursuant to, or consequent upon, the exercise of the tag-along or drag-along rights set forth in Sections 8.03 and 8.04, respectively, without the prior written consent of the Managing Member (which consent may not be unreasonably withheld by the Managing Member). After the Initial Holding Period, a Member, other than any Trimaran Vehicle, may Transfer any Membership Units only in accordance with, and subject to the applicable provisions of, this Article VIII. For the avoidance of doubt, Transfers by Trimaran Vehicles shall be subject to the applicable provisions of Sections 8.01(c), (d) and (e), Section 8.03 and Section 8.04, as provided therein.

(b) Notwithstanding the foregoing, in no event shall any Member, other than any Trimaran Vehicle, be entitled to Transfer any Membership Units, whether during or after the Initial Holding Period, to any Person that, in the good faith reasonable judgment of the Managing Member, is an actual or potential competitor of, or otherwise adverse to the interests of, CAC.

(c) No Member shall be entitled to Transfer any Membership Units or any other rights under this Agreement (including to an Affiliate) at any time unless the Managing Member is reasonably satisfied that such Transfer would not:

(i) violate the Securities Act or any state (or other jurisdiction) securities or “Blue Sky” laws applicable to the Company or the Membership Units;

(ii) cause the Company to become subject to the registration requirements of the Investment Company Act;

(iii) be a “prohibited transaction” under ERISA or the Code or cause all or any portion of the assets of the Company to constitute “plan assets” under ERISA or Section 4975 of the Code; and

(iv) cause the Company to become a “publicly-traded partnership”, as such term is defined in Sections 469(k)(2) or 7704 of the Code.

(d) Any purported Transfer of Membership Units other than in accordance with this Agreement shall be null and void, and the Company shall refuse to recognize any such Transfer for any purpose and shall not reflect in its records any change in record ownership of Membership Units pursuant to any such Transfer.

(e) Any Member that proposes to Transfer Membership Units in accordance with the terms and conditions hereof shall be responsible for any expenses incurred by the Company in connection with such Transfer, other than pursuant to the exercise of registration rights under the Stockholders Agreement, in which case the expenses thereof shall be treated in accordance with the provisions of the Stockholders Agreement, or as provided in Section 8.04 or 8.07; provided, however, that any liabilities incurred by the Company in connection with any such registration on behalf of one or more Members shall be borne by such Members pro rata in accordance with the proceeds received by such Members in connection with such registration; provided, further, that any such Member's liability under the foregoing proviso shall not exceed the amount of proceeds received by such Member in such registration.

Section 8.02 Right of First Offer. (a) If the Managing Member is required to consent to any Transfer of all or any portion of a Member's Membership Units and provides such consent prior to the Initial Holding Period or if a Member desires to transfer such Membership Units following the Initial Holding Period in accordance with the terms hereof, then a right of first offer shall be applicable with respect thereto in accordance with the following provisions:

(i) Any such Member shall provide the Managing Member with written notice (an "Offer Notice") of its desire to Transfer such Membership Units. The Offer Notice shall specify the number of Membership Units such Member wishes to Transfer, the proposed purchase price for such Membership Units and any other terms and conditions material to the sale proposed by such Member.

(ii) The Managing Member shall have a period of up to thirty (30) days following receipt of the Offer Notice to elect to purchase (or to cause one or more of its Affiliates to purchase) all such Membership Units on the terms and conditions set forth in the Offer Notice by delivering to the transferring Member a written notice thereof.

(iii) If the Managing Member elects to purchase (or to cause one or more of its Affiliates to purchase) the Membership Units which are the subject of the proposed Transfer within the applicable thirty (30) day period, such purchase shall be consummated within thirty (30) days after the date on which the Managing Member notifies the transferring Member of such election.

(iv) If the Managing Member does not elect to purchase the Membership Units within such initial thirty (30) day period, or if earlier, upon notice by the Managing Member to the transferring Member of its election not to purchase the Membership Units subject to the Offer Notice, the transferring Member shall provide to each other Member the Offer Notice (which notice to the transferring Member, if given, shall be provided to each other Member). Each Member shall have a period of up to fifteen (15) days following receipt of the Offer Notice to elect to purchase all such Membership Units on the terms and conditions set forth in the Offer Notice (each electing Member, a "Purchasing Member") by delivering to the transferring Member a written notice thereof; provided, if there is more than one Purchasing Member, the Membership Units subject to the Offer Notice will be allocated pro rata based on the relative number of Membership Units held by each Purchasing Member.

(v) If Members do not elect to purchase the Membership Units subject to the Offer Notice within such fifteen (15) day period, the transferring Member may Transfer such Membership Units at any time within sixty (60) days following such period at a price which is not less than the purchase price and on terms and conditions no more favorable to the purchaser than those specified in the Offer Notice.

(vi) The provisions of this Section 8.02 shall not apply to Transfers of Membership Units to Affiliates made in accordance with Sections 8.05 and 8.06 or to any distribution of Membership Units by the Trimaran Vehicles to their respective members or limited partners.

Section 8.03 Tag-Along Rights. (a) In the case of a proposed Transfer of the Membership Units held by any Trimaran Vehicle (the "Transferring Member") other than (i) to its Affiliates or any Person controlled by or under control, or common control, of any Trimaran Principal; (ii) pursuant to, or consequent upon the exercise of, any drag-along right set forth in Section 8.04, (a "Tag-Along Transfer"); or (iii) pursuant to an Equity Syndication, each other Member may exercise tag-along rights in accordance with the terms, conditions and procedures set forth herein (any Member exercising such rights, a "Tagging Member").

(b) The Transferring Member shall promptly give notice (a "Tag-Along Notice") to each Member of any Tag-Along Transfer, setting forth the number of Membership Units proposed to be Transferred, the name and address of the Transferee, the proposed amount and form of consideration for such Membership Units, and any other material terms and conditions of the Tag-Along Transfer. Each Member shall have a period of thirty (30) days from the date of the Tag-Along Notice within which to elect to sell up to its Pro Rata Portion of

Membership Units in connection with such Tag-Along Transfer. Any Member may exercise such right by delivery of an irrevocable written notice to the Transferring Member specifying the number of Membership Units such Member desires to include in the Tag-Along Transfer. If the Transferring Member is unable to cause the Transferee to purchase all the Membership Units proposed to be Transferred by the Transferring Member and the Tagging Members, then the number of Membership Units each such Member is permitted to sell in such Tag-Along Transfer shall be scaled back pro rata based on the number of Membership Units held by such Member relative to the number of Membership Units held by all Members participating in such Tag-Along Transfer. The Transferring Member shall have a period of thirty (30) days following the expiration of the thirty (30) day period mentioned above to sell all the Membership Units agreed to be purchased by the Transferee, on the payment terms specified in the Tag-Along Notice.

(c) Each Tagging Member shall agree (i) to make the same representations, warranties, covenants, indemnities and agreements to the Transferee as made by the Transferring Members in connection with the Tag-Along Transfer (other than any non-competition or similar agreements or covenants that would bind the Tagging Member or its Affiliates), and (ii) to the same terms and conditions to the transfer as the Transferring Members agree. Notwithstanding the foregoing, however, all such representations, warranties, covenants, indemnities and agreements shall be made by each Transferring Member and each Tagging Member severally and not jointly, and any liability for breach of any such representations and warranties related to CAC shall be allocated among each Transferring Member and each Tagging Member pro rata based on the relative number of Membership Units to be Transferred by each of them, and the aggregate amount of liability for each such Transferring Member and Tagging Member shall not exceed the U.S. dollar value of the total consideration to be paid by the Transferee to such Transferring Member and Tagging Member, respectively.

(d) Each Member hereby acknowledges that "Management Stockholders" under the Stockholders Agreement may have tag-along rights with respect to shares of common stock of CAC in connection with Transfers of Membership Units triggering tag-along rights hereunder.

(e) Each Member may assign its tag-along rights (in whole or in part) under the terms of this Section 8.03 to any of its Affiliates that is a Member. Any such assignment shall be set forth in the Election Notice or the notice delivered by such Member to the Managing Member under Section 8.03(b).

Section 8.04 Drag-Along Rights. (a) If the Trimaran Vehicles (the "Selling Members") agree to Transfer, in any single or series of related transactions, greater than fifty percent (50%) of the aggregate number of Membership Units held at the time of such Transfer by the Selling Members to a non-affiliated third party ("Drag-Along Transfer"), the Selling Members may exercise drag-along rights in accordance with the terms, conditions and procedures set forth herein.

(b) The Managing Member shall promptly give notice (a “Drag-Along Notice”) to each other Member (the “Drag-Along Member”) of any election by the Selling Members to exercise their drag-along rights under this Section 8.04, setting forth the name and address of the Transferee, the total number of Membership Units proposed to be Transferred by the Selling Members, the proposed amount and form, ratable amount and choices (if applicable) of consideration for such Membership Units (provided, that the Drag-Along Members shall receive the identical form of consideration that the Selling Members receive in any such Transfer), and all other material terms and conditions of the Drag-Along Transfer. Such notice shall also specify the number of Membership Units such Drag-Along Member shall be required to transfer, up to such Drag-Along Member’s Pro Rata Portion of Membership Units. Any transfer of Membership Units by a Drag-Along Member pursuant to the terms hereof shall be at the price per Membership Unit specified in the Drag-Along Notice.

(c) Each Drag-Along Member must agree (i) to make the same representations, warranties, covenants, indemnities and agreements as made by the Selling Members in connection with the Drag-Along Transfer (other than any non-competition or similar agreements or covenants that would bind the Drag-Along Member or its Affiliates), and (ii) to the same terms and conditions to the transfer as the Selling Members agree. Notwithstanding the foregoing, however, all such representations, warranties, covenants, indemnities and agreements shall be made by each Selling Member and Drag-Along Member severally and not jointly and any liability for breach of any such representations and warranties related to CAC shall be allocated among each Selling Member and Drag-Along Member pro rata based on the relative number of Membership Units Transferred by each of them, and the aggregate amount of liability for each such Selling Member and Drag-Along Member shall not exceed the U.S. dollar value of the total consideration to be paid by the Transferee to such Selling Member and Drag-Along Member, respectively.

(d) In the event that any transfer pursuant to this Section 8.04 is structured as a merger, consolidation, or similar business combination, each Drag-Along Member must further agree to (i) vote in favor of the transaction, (ii) take such other action as may be required to effect such transaction, and (iii) take all action to waive any dissenters, appraisal or other similar rights with respect thereto.

(e) Solely for purposes of Section 8.04(d) and in order to secure the performance of each Member’s obligations under Section 8.04(d), each Member hereby irrevocably appoints the Managing Member the attorney-in-fact and proxy of such Member (with full power of substitution) to vote, provide a written consent or take any other action with respect to its Membership Units as described in this paragraph if, and only in the event that, such Member fails to vote or provide a written consent with respect to its Membership Units in accordance with the terms of Section 8.04(d)(i) or fails to take any other action in accordance with the terms of Section 8.04(d)(ii) or Section 8.04(d)(iii) (each such Member, a “Breaching Drag-Along Member”) within ten (10) days of a request for such vote, written consent or action. Upon such failure, the Managing Member shall have and is hereby irrevocably granted a proxy to vote or provide a written consent with respect to each such Breaching Drag-Along Member’s

Membership Units for the purposes of taking the actions required by Section 8.04(d). Each Member intends this proxy to be, and it shall be, irrevocable and coupled with an interest, and each Member shall take such further action and execute such other instruments as may be necessary to effectuate the intent of this proxy and hereby revoke any proxy previously granted by it with respect to the matters set forth in Section 8.04(d) with respect to the Membership Units owned by such Member.

(f) If any Drag-Along Member fails to transfer to the Drag-Along Buyer the Membership Units to be sold pursuant to this Section 8.04, the Selling Members may, at their option, in addition to all other remedies they may have, deposit the purchase price (including any promissory note constituting all or any portion thereof) for such Membership Units with any national bank or trust company having combined capital, surplus and undivided profits in excess of \$500 million (the "Escrow Agent"), and thereupon all of such Drag-Along Member's rights in and to such Membership Units shall terminate. Thereafter, upon delivery to the Company by such Drag-Along Member of appropriate documentation evidencing the transfer of such Membership Units to the Drag-Along Buyer, the Selling Members shall instruct the Escrow Agent to deliver the purchase price (without any interest from the date of the closing to the date of such delivery, any such interest to accrue to the Company) to such Drag-Along Member.

(g) Any Transfer by the Trimaran Vehicles of Membership Units covered by this Section 8.04 may be structured as an auction and may be initiated by the delivery to the Company and the other Members of a written notice that Trimaran has elected to initiate an auction sale procedure. Trimaran shall be entitled to take all steps reasonably necessary to carry out an auction of the Company and its Subsidiaries, including, without limitation, selecting an investment bank, providing confidential information (pursuant to confidentiality agreements), selecting the winning bidder and negotiating the requisite documentation. The Company and each Member shall provide assistance with respect to these actions as reasonably requested.

(h) Any transaction costs, including transfer taxes and legal, accounting and investment banking fees incurred by the Company and the Trimaran Vehicles in connection with a Transfer of Membership Interests covered by this Section 8.04 shall, unless the applicable purchaser refuses, be borne by the Company in the event of a merger, consolidation or sale of assets and shall otherwise be borne by the Members on a pro rata basis based on the consideration received by each Member with respect to such transaction.

(i) The Members hereby acknowledge that the Company shall have the right to exercise drag along rights in respect of shares of Company Stock (as defined in the Stockholders Agreement) pursuant to the terms and conditions of the Stockholders Agreement in the event that the Selling Members exercise rights under this Section 8.04, and the Selling Members shall have the right to cause the Company to exercise such rights under the Stockholders Agreement.

Section 8.05 Transfers to Affiliates. Subject to Section 8.06, any Member may Transfer any Membership Units to an Affiliate of such Member; provided that such Transfer shall not be effective unless and until the Managing Member is reasonably satisfied that such Transfer complies with the conditions set forth in clauses (i) through (iv) of Section 8.01(c); and, provided further that, notwithstanding anything to the contrary herein, transfers to Affiliates shall not trigger the right of first offer, tag-along or drag-along rights described in Sections 8.02, 8.03 and 8.04, respectively; provided further that, in the case of American Securities, for purposes of this Section 8.05 and corresponding provisions addressing Transfers to Affiliates, an “Affiliate” thereof shall mean American Securities Capital Partners, L.P., American Securities Capital Partners L.L.C. and any investment fund managed by either of them.

Section 8.06 Rights and Obligations of Transferees. Any Transferee of Membership Units (including Affiliates of the transferor) shall be required, at the time of and as a condition to such Transfer, to become a party to this Agreement by executing and delivering such documents as may be necessary, in the reasonable opinion of the Managing Member, to make such Person a party thereto, whereupon such Transferee will be treated as a Member for all purposes of this Agreement (and will be subject to all the rights and obligations of the transferor in relation to Transferred Membership Units). Notwithstanding anything to the contrary herein, the rights of any Investor Member under Section 3.04 to select directors shall not be transferable (including to their respective Affiliates).

Section 8.07 Registration Rights. (a) The Members hereby acknowledge that the Company has entered into the Stockholders Agreement pursuant to which the Company has been granted certain demand and “piggyback” registration rights in respect of certain securities of CAC held by the Company and that such rights (and the rights described in this Section 8.07) are subject to, qualified by, and exercisable solely in accordance with, the terms and conditions of the Stockholders Agreement. The Company shall not consent to the revision, amendment or alteration of the Stockholders Agreement in a manner that would have a material adverse effect on the rights of an Investor Member or Trimaran without the consent of such Member.

(b) Following the later of (i) 270 days following the completion of an IPO and (ii) the time at which CAC becomes eligible to register securities using a Form S-3 (or any successor form thereto), an Investor Member holding 15% or more of the outstanding Membership Units (a “Demand Investor”) shall have the right to cause the Company to exercise one (1) of the Company’s Short-Form Demand Rights to require the registration by CAC of up to a number of shares of common stock of CAC (the “Registrable Shares”) then held by the Company representing that portion of such Demand Investor Member’s proportionate interest in the Company attributable to such Registrable Shares (an “Investor Demand”). For purposes of this Agreement, a “Short Form Demand Right” means the right of the Company, pursuant to the terms and conditions of the Stockholders Agreement, to require the Company to register any of the Company’s Registrable Shares on Form S-3 or any similar short-form registration statement if the Company qualifies to use such short form.

(c) Notwithstanding anything to the contrary herein, Investor Demand rights shall be subject to the following limitations:

(i) the Company, in its sole discretion, shall have the right to delay any Investor Demand for a period of no more than nine (9) months from the date an Investor Demand is requested (which period shall be inclusive of, and not in addition to, any registration delay periods under the Stockholders Agreement); provided that the Company may exercise each such delay right on only one occasion;

(ii) if the Company elects to exercise any of its demand rights under the Stockholders Agreement on its own behalf at any time, it shall have the right to preempt any demand request it receives from Investor, by delivery of written notice to the applicable Demand Investor within thirty (30) Business Days of its receipt of the Demand Investor's demand request, in which case Demand Investor shall not be deemed to have exercised an Investor Demand right;

(iii) the aggregate public offering price of the Registrable Shares subject to an Investor Demand, as the case may be, shall be equal to at least \$15.0 million; and

(iv) an underwriter selected by the applicable Demand Investor shall advise the Company on the maximum number of Registrable Shares that may be sold pursuant to the applicable Investor Demand, such advice to be based on such underwriter's determination of whether such sale would have a negative impact on the market for the shares of Company, and if the Managing Member concurs with such advice (such concurrence not to be unreasonably withheld), the applicable Demand Investor shall be permitted to exercise such Investor Demand right in an amount not to exceed such maximum number of Registrable Shares.

(d) The Company shall distribute the proceeds (net of any expenses incurred by the Company in respect of such registration) of the sale of any Registrable Shares that are the subject of an Investor Demand to the applicable Demand Investor who exercised the Investor Demand and any other participating Members, and shall cancel on its books the corresponding membership interests in the Company held by such Demand Investor and any other participating Members, and thereupon all of such Demand Investors' and any other participating Members' rights in and to such membership interests shall terminate.

(e) A Demand Investor may withdraw an Investor Demand at any time after its delivery of the Investor Demand Notice thereof. Upon receipt of a notice of withdrawal from the Demand Investor, the Company shall, and shall cause CAC to, cease all efforts to secure effectiveness of the applicable registration statement, in which case the applicable Demand Investor shall be deemed to have exercised such Investor Demand right, except if the withdrawal is made following a delay by the Company pursuant to Section 8.07(c)(i).



(f) Notwithstanding anything to the contrary herein, in the event Demand Investor exercises any Investor Demand rights in accordance with the provisions of this Section 8.07 or any Member exercises its rights under Section 8.07(g) below, the Managing Member shall (i) cause the Company to issue to such Members additional classes of membership interests in the Company and (ii) amend the terms of this Agreement (including Article V hereof), in each case in order to reflect the proportionate economic interest of each such Member in the Company following the exercise of such rights; provided that no such amendments or issuances shall have an adverse economic effect on a Member.

(g) If the Company does not elect to exercise its “piggyback” registration rights in connection with any registered offering by CAC or in the event of a “demand” registration initiated by the Company, each Member shall have the right to cause the Company, pursuant to such registration rights, to request the inclusion by CAC in such registration of up to a number of securities of CAC then held by the Company representing that portion of such Member’s proportionate interest in the Company attributable to such securities. The Company shall distribute the proceeds (net of any expenses incurred by the Company in respect of such registration) of the sale of any securities that are included in such registration to such Member, and shall cancel on its books the corresponding membership interests held by such Member, and thereupon all of such Member’s rights in and to such membership interests shall terminate.

## ARTICLE IX

### **COMPANY EXPENSES, BOOKS AND RECORDS, TAX MATTERS**

Section 9.01 Fees and Expenses. Subject to Section 8.01(e), the Managing Member shall cause the Company or a subsidiary thereof as determined by the Managing Member to pay all reasonable expenses incurred in connection with the formation of the Company, this Agreement and the Company’s investments in the securities of CAC. Appropriate reserves for contingent liabilities may be withheld from distribution to the Members, as determined by the Managing Member in its sole discretion.

Section 9.02 Fiscal Year and Method of Accounting. The fiscal year of the Company shall begin on January 1 of each year (except for the first fiscal year of the Company, which shall begin on the date upon which the Certificate of Formation was filed) and end on the following December 31 (except for the last fiscal year of the Company, which shall end on the date on which the Company is terminated). The Managing Member shall select the appropriate method of accounting for the Company.

Section 9.03 Records and Information. The books and records of the Company shall be maintained at the principal office and place of business of the Company.

Section 9.04 Financial Statements and Reports. The Managing Member shall oversee the accounting, tax and recordkeeping matters of the Company. The Managing Member (i) shall provide to each Investor Member quarterly and annual financial statements of the Company (in the case of annual financial statements, audited by an independent public accountant in accordance with U.S. generally accepted accounting principles) and (ii) shall use reasonable best efforts to cause CAC to provide to each Investor Member El Pollo Loco, Inc.'s monthly reporting package, in each case to the same extent as to any Trimaran Vehicle (solely in its capacity as a Member hereof), provided that no CAC financial statements or monthly reporting package shall be provided to any Investor Member pursuant to the terms hereof so long as such Investor Member has designated at least one director to serve on the CAC Board under the terms of Section 3.04 (it being understood and agreed that the Persons to be designated by an Investor Member as Non-Trimaran Directors pursuant to Section 3.04 hereof shall have the right as Non-Trimaran Directors to receive information and reports of CAC to the extent provided by Delaware law and, subject to any confidentiality obligations, shall have the right to share such information and reports with the applicable Investor Member). The Managing Member shall cause each Member to receive, within a reasonable time after the close of each fiscal year and fiscal quarter, the unaudited financial statements of the Company for such period. The Managing Member shall also provide Members with notice of (i) any major acquisitions, dispositions or other major transactions that the Managing Member deems material to the Company and (ii) any event that requires notice to be given to the Company under the Stockholders Agreement.

Section 9.05 U.S. Tax Classification. (a) The Company shall be classified as a partnership for U.S. federal income tax purposes. Neither the Company nor any Member shall take any action so as to cause the Company to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

(b) The Managing Member shall use reasonable efforts not to take any action that could cause any Member (i) to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes as a result of such Member's investment in the Company; or (ii) to have any tax filing obligations in any non-U.S. jurisdiction, other than any non-U.S. jurisdiction under the laws of which such Member is organized. The Company shall use commercially reasonable efforts not to undertake activities that would cause any Member to realize "unrelated business taxable income" within the meaning of Section 512 of the Code solely as a result of such activities.

(c) The Managing Member shall cause the Company to provide each Member with such information as is necessary for such Member to meet its U.S. tax filing obligations.

(d) The Company shall separately identify each block of Newly Issued Securities or Other Securities it acquires so as to keep the holding period of such Newly Issued Securities or Other Securities distinct from each other block of securities for federal income tax purposes.

Section 9.06 Tax Matters Member. Pursuant to Section 6231(a)(7) of the Code, the Managing Member is hereby designated as the tax matters member, and shall assume and be responsible for duties provided in the Code for the “tax matters partner.”

## ARTICLE X

### LIABILITY, INDEMNIFICATION AND CONTRIBUTION

Section 10.01 Liability of Members. (a) Liability to the Company and Other Members. No Member (or any of its Affiliates), or any direct or indirect partner, member, shareholder, employee, director, officer or agent of such Member or any of its Affiliates (each, an “Indemnified Person”) shall be liable, responsible or accountable in damages or otherwise to the Company or to any of the other Members, their successors or assigns except (i) in connection with any breach of this Agreement by such Member or (ii) by reason of acts or omissions related to the Company which are found by a court of competent jurisdiction upon entry of a final and non-appealable judgment to be the result of such Indemnified Person’s fraud, gross negligence or willful misconduct.

(b) Liability to Third Parties. No Member of the Company shall be liable under a judgment, decree, or order of a court, or in any other manner, for a debt, obligation, or liability of the Company or of any other Member.

Section 10.02 Indemnification. To the fullest extent permitted by law, the Company shall indemnify, defend and hold harmless each Indemnified Person from and against any loss, liability, damages, cost or expense (including legal fees and expenses and any amounts paid in settlement) resulting from a claim, demand, lawsuit, action or proceeding by reason of any act or omission performed or omitted by such Indemnified Person on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Agreement; provided that such acts or omissions of such Indemnified Person are not found by a court of competent jurisdiction upon entry of a final and non-appealable judgment to constitute fraud, gross negligence or willful misconduct. Expenses, including legal fees, incurred by an Indemnified Person and relating to any claim, demand, lawsuit, action or proceeding for which indemnification may be sought under this Section 10.02 shall be paid by the Company upon demand by the Indemnified Person; provided that the Indemnified Person shall reimburse the Company for such expenses if it is ultimately determined that such Indemnified Person is not entitled to indemnification hereunder. Notwithstanding the foregoing, the provisions of this Section 10.02 shall terminate upon a dissolution of the Company in accordance with Section 11.01; provided, however, that any claims in respect of actions or omissions occurring prior to the dissolution of the Company shall survive such dissolution.

Section 10.03 Exclusivity. The remedies provided for in this Article X are not exclusive and shall not limit any rights or remedies that may otherwise be available to any Indemnified Person at law or in equity.

Section 10.04 Fiduciary Duty. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by Section 1101(c) of the Act, no Covered Person shall owe any duties at law or in equity (including fiduciary duties) to any other Covered Person other than any duties and obligations expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person. A Covered Person acting under this Agreement shall not be liable to the Company or to any other Covered Person for its good faith reliance on the provisions of this Agreement. Nothing in this Article 10.04 shall eliminate any implied covenant of good faith and fair dealing between Covered Persons.

## ARTICLE XI

### **DISSOLUTION, LIQUIDATION AND TERMINATION**

Section 11.01 Dissolution. (a) The Company shall be dissolved and its affairs shall be wound up upon the first of the following to occur:

- (i) a determination by the Managing Member to dissolve the Company;
- (ii) any dissolution required by operation of law; or
- (iii) upon the sixth anniversary of an IPO.

(b) Dissolution of the Company shall be effective as of the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until there has been a winding up of the Company's business and affairs, and the Company's assets have been distributed as provided in Section 11.03 and in the Act.

(c) Notwithstanding any other provision of this Agreement, the bankruptcy of a Member shall not cause such Member to cease to be a Member of the Company and despite the occurrence of such an event, the business of the Company shall continue without dissolution.

(d) Notwithstanding any other provision of this Agreement, each Member waives any right it might have under the Act or otherwise to (i) agree in writing to dissolve the

Company upon such Member's bankruptcy, or upon the occurrence of an event that causes such Member to cease to be a member of the Company, and (ii) apply for judicial dissolution of the Company.

Section 11.02 Cancellation of Certificate. Upon the dissolution and completion of the winding up of the Company and the termination of this Agreement, the Certificate of Formation shall be canceled in accordance with the provisions of Section 18-203 of the Act and the Members shall be promptly notified of such dissolution.

Section 11.03 Liquidation. Upon dissolution of the Company, as expeditiously as is reasonable, the Managing Member shall cause the Company to pay its liabilities and make distributions in the following order of priority:

- (a) to creditors, including Members who are creditors, to the extent permitted by law, in satisfaction of liabilities of the Company (whether by payment or by establishment of reserves); and
- (b) to the Members, pro rata in accordance with their respective Membership Units.

Section 11.04 Accounting on Liquidation. Upon liquidation, a proper accounting shall be made by the Company's accountants of the Company's assets, liabilities and results of operations through the last day of the month in which the Company is terminated.

Section 11.05 Return of Members' Capital Contribution. A Member shall look solely to the Company's assets for the return of such Member's Capital Contribution. If the assets remaining after payment or discharge of all debts and liabilities of the Company are insufficient to return such Member's Capital Contribution, the Member shall have no recourse against any other Member except to the extent of any required Capital Contribution of any other Member which has not been paid when due.

Section 11.06 Termination. (a) This Agreement shall terminate, and the Company shall be dissolved, upon the earlier to occur of (i) six (6) years following an IPO and (ii) such time as the distributions provided for in Section 11.03 have been made (the "Termination Date").

(b) Upon the termination of this Agreement, no party shall have any liability or obligation to any other party hereunder, provided that (i) the termination of this Agreement shall not relieve a party from liability for any breach of this Agreement on or prior to the Termination Date, and (ii) Article X shall survive termination of this Agreement in accordance with its terms.

## ARTICLE XII

### **REPRESENTATIONS AND WARRANTIES**

Section 12.01 Member Representations. Each Member hereby represents and warrants to the Company as follows:

- (a) If the Member is a corporation, partnership, limited liability company, trust, estate or other entity, the Member is empowered, authorized and qualified to become a Member subject to the terms and conditions of this Agreement, and the person signing this Agreement on behalf of the Member has been duly authorized by the Member to do so;
- (b) If the Member is an individual, the Member is of legal age to execute this Agreement and is legally competent to do so;
- (c) This Agreement has been duly authorized, executed and delivered by the Member and, upon due authorization, execution and delivery by the other parties hereto, will constitute the valid and legally binding agreement of the Member, enforceable in accordance with its terms against the Member;
- (d) The execution, delivery and performance of this Agreement by the Member does not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate, to which the Member is a party or by which it is bound or to which any of its properties are subject, or require any authorization or approval under or pursuant to any of the foregoing, or violate the organizational documents of the Member, or violate in any material respect any statute, regulation, law, order, writ, injunction or decree to which the Member is subject;
- (e) (i) The Member understands that the offering and sale of the Membership Units are intended to be exempt from registration under the Securities Act and applicable U.S. state securities laws in reliance on the private placement exemption from registration provided in Section 4(2) of the Securities Act and Regulation D promulgated thereunder and exemptions under applicable U.S. state securities laws and, in the case of persons that are not U.S. persons, in reliance on exemptions under the applicable laws of the non-U.S. jurisdiction in which the Membership Units are being offered and sold, and the Member agrees that it shall not engage in any Transfer of the Membership Units it acquires in any manner that would require the registration of the Membership Units under the Securities Act or under the laws of any non-U.S. jurisdictions.

(ii) The Member is an “accredited investor” within the meaning of Regulation D of the Securities Act.

(iii) Each Member (A) directly or indirectly, is acquiring the Membership Units in compliance with all applicable laws, rules, regulations and other legal requirements including, without limitation, the legal requirements of jurisdictions in which such Member is resident and in which such acquisition is being consummated, and (B) has consulted with legal counsel and financial, accounting, regulatory and tax advisors, as necessary, to ensure it is eligible to, directly or indirectly, acquire all or any part of the Membership Units.

(f) The Member understands that the Company has not been registered as an investment company under the Investment Company Act in reliance upon an exemption from such registration, it agrees that any Membership Units acquired by such Member may not be sold, offered for sale, Transferred, pledged, hypothecated or otherwise disposed of in any manner that would require the Company to register as an investment company under the Investment Company Act, and it represents and warrants that it is a “qualified purchaser” as defined in Section 2(a)(51)(A) of the Investment Company Act (a “Qualified Purchaser”);

(g) If the Member would be an “investment company” but for the exclusions from the Investment Company Act provided by Section 3(c)(1) or Section 3(c)(7) thereof, all direct and indirect beneficial owners of such Member’s outstanding securities (as such term is defined in the Investment Company Act) that acquired such securities on or before April 30, 1996 have consented to such Member’s treatment as a Qualified Purchaser;

(h) The Member agrees to deliver to the Managing Member such information as to certain matters under the Securities Act and the Investment Company Act as the Managing Member may reasonably request in order to ensure compliance with such Acts and the availability of any exemptions thereunder;

(i) The Member is acquiring Membership Units for the Member’s own account as principal for investment and not with a view to the distribution or sale thereof;

(j) The Member has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Membership Units;

(k) The Member has been given the opportunity to ask questions of, and receive answers from, the Company concerning the terms and conditions of, and other matters pertaining to, this investment, and has had access to such financial and other information concerning the Company as it has considered necessary to make a decision to invest in the Company and has availed itself of this opportunity to the full extent desired;

(l) The Member has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and at the present time and in the foreseeable future can afford a complete loss of this investment;

(m) The Member acknowledges that neither the Company, the Managing Member nor any Affiliate thereof has rendered any investment advice or securities valuation advice to Member, and that the Member is neither subscribing for nor acquiring any interest in the Company in reliance upon, or with the expectation of, any such advice, or in reliance upon any materials prepared by the Managing Member or any of its Affiliates;

(n) No representations or warranties have been made to the Member with respect to the investment in the Membership Units or the Company other than the representations set forth herein, and the Member has not relied upon any representation or warranty not provided herein in making its investment in the Company;

(o) If the Member is a corporation, partnership, limited liability company, trust or other entity, it was not formed or recapitalized for the specific purpose of acquiring the Membership Units;

(p) Either (i) none of the funds that Member is using or will use to fund its purchase are assets of an employee benefit plan as defined in Section 3(3) of ERISA, subject to Title I of ERISA, or a plan described in Section 4975(e)(1) of the Code, or an entity whose underlying assets include plan assets for purposes of ERISA by reason of a plan's investment in the entity (any such plan under ERISA or the Code or any such entity collectively referred to as a "Plan") or (ii)(x) some or all of the funds that the Member is using or will use to fund its purchase are assets of one or more Plans and (y) assuming that the Company is not a "party in interest" (within the meaning of Section 3(14) of ERISA) or a "disqualified person" (within the meaning of Section 4975 of the Code) with respect to any Plan other than those Plans previously identified by the Company to the Member in writing, the purchase of the Membership Units by the Member does not and will not constitute or result in a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975(c) of the Code; and

(q) The Member acknowledges that the Company has relied and will rely upon the representations and warranties of the Member set forth in this Agreement and that all such representations and warranties shall survive the date of signing of this Agreement. Without limiting the foregoing, each Member agrees to give the Company prompt written notice in the event that any representation of such Member contained in this Section 12.01 ceases to be true at any time following the Closing Date.



Section 12.02 Company Representation. Prior to the date hereof, the Company has not engaged in any business activities, conducted any operations or incurred any liabilities, in each case other than in connection with its formation or the transactions contemplated by the Purchase Agreement.

## ARTICLE XIII

### MISCELLANEOUS PROVISIONS

Section 13.01 Notices. Unless otherwise specified herein, all notices, consents, approvals, reports, designations, requests, waivers, elections and other communications authorized or required to be given pursuant to this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by personal hand-delivery, by facsimile transmission, by electronic mail, by mailing the same in a sealed envelope, registered first-class mail, postage prepaid, return receipt requested, or by air courier guaranteeing overnight delivery, sent to the Member at the address given for such Member on Schedule A hereto or such other address as such Member may specify by notice to the Company. Any notice, request, or consent to the Company must be sent to the following address:

Trimaran Pollo Partners, L.L.C.  
c/o Trimaran Fund Management, L.L.C.  
622 3rd Avenue, 35th Floor  
New York, New York 10017  
Attention: Steven A. Flyer  
Telephone: 212-885-4735  
Fax: 212-885-4350

Section 13.02 Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof, including any letter agreement entered into between the Managing Member (or any of its Affiliates) and any other Member prior to the Closing Date.

Section 13.03 Confidentiality. (a) No Member shall disclose any material term of this Agreement to any third party without the written consent of the other Members, except (a) as required by applicable law, (b) to any Affiliate of such Member, (c) to the holders of any equity interests in such Member or its direct parent, or (d) to the legal, accounting, financial or other representatives of such Member (collectively, "Representatives"). Notwithstanding the foregoing, prior to any disclosure to the Persons set forth in clauses (a) through (d) of the preceding sentence, such Persons must agree to keep any such disclosure confidential.

(b) Each Member agrees that it shall not disclose to any third party, and shall cause its Affiliates and Representatives not to disclose to any third party, any Confidential Information

without the prior written consent of the Managing Member, and each Member shall use due care to ensure that any such Confidential Information received by it is kept confidential. As used herein, "Confidential Information" means all information relating to the Company or any of its Subsidiaries, from whatever source obtained, except for any such information which at the time of disclosure was in the public domain or otherwise in the possession of the disclosing Person unless such information was placed into the public domain or became known to such disclosing person in violation of any non-disclosure obligation, including, without limitation, this Section 13.03. Nothing in this Section 13.03 shall prohibit any Member or its Representatives from disclosing Confidential Information (i) as required by applicable law or legal process (subject to compliance with Section 13.03(c)), (ii) to any Affiliate of such Member, (iii) to the holders of any equity interests in such Member or its direct parent, (iv) to the Representatives of such Member or (v) to one or more Persons in connection with a proposed sale of such Member's interests in the Company in accordance with this Agreement. Notwithstanding the foregoing, prior to any disclosure to the Persons set forth in clauses (i) through (v) of the preceding sentence, any such Persons must agree to keep any such information disclosed confidential.

(c) In the event that a Member or any of its Affiliates or Representatives is required by law or legal process to disclose any Confidential Information or to make any other disclosure prohibited by this Section 13.03, it shall provide the Company with prompt notice of each such requirement, to the extent practicable, so that Company may seek an appropriate protective order or waive compliance with the provisions of this Agreement or both. If, absent the entry of a protective order or the receipt of a waiver under this Agreement, a Member or its Affiliates or Representatives are, after consultation with counsel, legally compelled to disclose Confidential Information, then such Member or its Affiliates or Representatives, as applicable, may disclose such Confidential Information to the extent legally required and agree to exercise reasonable commercial efforts to obtain assurance that confidential treatment will be accorded any Confidential Information so disclosed.

Section 13.04 Amendments. The terms and provisions of this Agreement may not be modified or amended at any time without the prior written consent of Trimaran and each Investor Member (other than amendments made in accordance with Sections 4.02, 7.02(d) and 8.07(f) hereof).

Section 13.05 Governing Law; Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. ANY ACTION OR PROCEEDING AGAINST THE PARTIES RELATING IN ANY WAY TO THIS AGREEMENT MAY BE BROUGHT AND ENFORCED EXCLUSIVELY IN THE COURTS OF THE STATE OF DELAWARE OR (TO THE EXTENT SUBJECT MATTER JURISDICTION EXISTS THEREFOR) THE U.S. DISTRICT COURT FOR THE DISTRICT OF DELAWARE, AND THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF BOTH SUCH COURTS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING.

Section 13.06 Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13.07 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that the Managing Member determines to be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

Section 13.08 Binding Effect. Except as otherwise provided in this Agreement to the contrary, this Agreement shall be binding upon and inure to the benefit of the Members, their distributees, heirs, legal representatives, executors, administrators, successors and permitted assigns.

Section 13.09 Waivers. No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is made expressly in writing and executed and delivered by the party against whom such waiver is claimed. No waiver of any breach shall be deemed to be a further or continuing waiver of such breach or a waiver of any other or subsequent breach. Except as otherwise expressly provided herein, no failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof, or the exercise of any other right, power or remedy

Section 13.10 Conflicts of Interest. Subject to the other express provisions of this Agreement or except as otherwise expressly agreed in writing, each Member and officer of the Company at any time and from time to time may engage in and possess interests in other business ventures of any and every type and description, independently or with others, including ones in competition with the Company, with no obligation to offer to the Company or any other Member or officer the right to participate therein. Other than transactions contemplated by this Agreement, the Management and Monitoring Agreement, the Stockholders Agreement or any financing arrangements related to the Company's investments in CAC, neither CAC (nor any of its Affiliates) shall enter into any transaction with the Managing Member (or any of its Affiliates) unless the terms of such transaction are no less favorable to CAC or its Affiliates, as the case may be, than could be obtained from a third party at arm's length.

Section 13.11 Third Parties. Except as provided in Article X, this Agreement does not create any rights, claims or benefits inuring to any Person that is not a party hereto, and it does not create or establish any third party beneficiary hereto.

Section 13.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and shall be binding upon the Member who executed the same, but all of such counterparts shall constitute the same Agreement.

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IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

**THE COMPANY**

TRIMARAN POLLO PARTNERS, L.L.C.

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

By: Trimaran Fund Management, L.L.C., its  
investment manager

By: /s/ Steven A. Flyer

Name: Steven A. Flyer  
Title: Managing Director

**MANAGING MEMBER**

TRIMARAN CAPITAL, L.L.C.

By: Trimaran Fund Management, L.L.C., its  
investment manager

By: /s/ Steven A. Flyer

Name: Steven A. Flyer  
Title: Managing Director

**OTHER MEMBERS**

TRIMARAN FUND II, L.L.C.

By: Trimaran Fund Management, L.L.C., its  
investment manager

By: /s/ Steven A. Flyer

Name: Steven A. Flyer  
Title: Managing Director

TRIMARAN PARALLEL FUND II, L.P.

By: Trimaran Fund Management, L.L.C., its  
investment manager

By: /s/ Steven A. Flyer

Name: Steven A. Flyer

Title: Managing Director

CIBC EMPLOYEE PRIVATE EQUITY FUND (TRIMARAN)  
PARTNERS

By: Trimaran Fund Management, L.L.C., its  
investment manager

By: /s/ Steven A. Flyer

Name: Steven A. Flyer

Title: Managing Director

CIBC CAPITAL CORPORATION

By: Trimaran Fund Management, L.L.C., its  
investment manager

By: /s/ Steven A. Flyer

Name: Steven A. Flyer

Title: Managing Director

---

ASP EPL L.L.C.

By: /s/ Eric Schondorf

Name: Eric Schondorf

CONTINENTAL CASUALTY COMPANY

By: /s/ Marilou R. McGirr

Name: Marilou R. McGirr

Title: Vice President and Assistant Treasurer



MULTI-STRATEGY HOLDINGS, L.P.

By: Multi-Strategy Holdings Offshore Advisors, Inc., its  
General Partner

By: /s/ Jennifer Barbetta

Name: Jennifer Barbetta

Title: Authorized Signatory

VF III HOLDINGS, L.P.

By: VF III Holdings Offshore Advisors, Inc., its General  
Partner

By: /s/ Jennifer Barbetta

Name: Jennifer Barbetta

Title: Authorized Signatory

ZG INVESTMENTS III LTD.

By: /s/ Michael Deevy

Name: Michael Deevy

Title: Vice President

By: /s/ Michael Gutteridge

Name: Michael Gutteridge

Title: Assistant Controller

BRODY 2005 LLC

By: /s/ Howard Kaye

Name: Howard Kaye

Title: Managing Member

FEA III L.P.

By: Feinstein Eisenberg Associates LLC. General Partner

By: /s/ Warren Eisenberg

Name: Warren Eisenberg

Title: Managing Partner

EPL CORPORATION

By: /s/ Michael Scharf

Name: Michael Scharf

Title: President

SCHEDULE A

NAMES AND ADDRESSES OF MEMBERS

<u>Name</u>	<u>Address</u>
ASP EPL L.L.C.	c/o American Securities Capital Partners, L.P. 666 Third Avenue, 29 <sup>th</sup> Floor New York, New York 10017 Attention: Glenn Kaufman Telephone: 212-476-8000 Fax: 212-697-5524
Continental Casualty Company	Mike Hass CNA 333 South Wabash Avenue, 23 South Chicago, Illinois 60604 Attention: Michael Hass Telephone: 312-822-6592
Multi-Strategy Holdings, L.P.	Multi-Strategy Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
VF III Holdings, L.P.	VF III Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
Trimaran Capital, L.L.C.	c/o Trimaran Fund Management, L.L.C. 622 3 <sup>rd</sup> Avenue, 35 <sup>th</sup> Floor New York, New York 10017 Attention: Steven A. Flyer Telephone: 212-885-4735 Fax: 212-885-4350
Trimaran Fund II, L.L.C.	c/o Trimaran Fund Management, L.L.C. 622 3 <sup>rd</sup> Avenue, 35 <sup>th</sup> Floor New York, New York 10017

Attention: Steven A. Flyer  
Telephone: 212-885-4735  
Fax: 212-885-4350

Trimaran Parallel Fund II, L.P.

c/o Trimaran Fund Management, L.L.C.  
622 3rd Avenue, 35th Floor  
New York, New York 10017  
Attention: Steven A. Flyer  
Telephone: 212-885-4735  
Fax: 212-885-4350

CIBC Employee Private Equity Fund  
(Trimaran) Partners

c/o Trimaran Fund Management, L.L.C.  
622 3rd Avenue, 35th Floor  
New York, New York 10017  
Attention: Steven A. Flyer  
Telephone: 212-885-4735  
Fax: 212-885-4350

CIBC Capital Corporation

c/o Trimaran Fund Management, L.L.C.  
622 3rd Avenue, 35th Floor  
New York, New York 10017  
Attention: Steven A. Flyer  
Telephone: 212-885-4735  
Fax: 212-885-4350

Brody 2005 LLC

c/o Hub International  
1065 Avenue of the Americas  
New York, New York 10018  
Attention: Howard Kaye  
Telephone: 212-338-2263  
Fax: 212-354-0894

FEA III L.P.

c/o Rockdale Capital  
650 Liberty Avenue  
Union, NJ 07083  
Attention: Linda Kao  
Telephone: 908-688-4815

EPL Corporation

c/o Niagara Corporation  
667 Madison Avenue  
11th Floor  
New York, New York 10021  
Attention: Michael Scharf  
Telephone: 212-317-1000  
Fax: 212-317-1001

Schedule-A-2

Courier Address

Wellesley House,  
90 Pitt's Bay Road,  
Pembroke HM 08,  
BERMUDA

Mailing Address

P.O. Box HM 2268,  
Hamilton HM JX,  
BERMUDA

Telephone: 1-441-294-2400

Fax: 1-441-294-2401

Attention: Mike Deevy

With a copy to:

Centre Group Holdings (US) Limited

105 East 17th Street

New York, NY 10003

Attention: General Counsel

Tel: 212-859-2714

Fax: 212-859-2790

Schedule-A-3



SCHEDULE B

CAPITAL CONTRIBUTIONS AND  
MEMBERSHIP UNITS

<u>Name</u>	<u>Capital Contribution</u>	<u>Membership Units</u>	<u>Percentage</u>
ASP EPL L.L.C.	\$ 10,000,000.00	115,697.40	6.055%
Continental Casualty Company	\$ 10,000,000.00	115,697.40	6.055%
Multi-Strategy Holdings, L.P.	\$ 659,963.26	7,635.60	0.400%
VF III Holdings, L.P.	\$ 9,340,036.74	108,061.79	5.655%
Trimaran Capital, L.L.C.	\$ 2,666,954.28	30,855.97	1.615%
Trimaran Fund II, L.L.C.	\$ 41,305,098.22	477,889.24	25.011%
Trimaran Parallel Fund II, L.P.	\$ 17,390,592.84	201,204.63	10.530%
CIBC Employee Private Equity Fund (Trimaran) Partners	\$ 26,895,806.98	311,177.49	16.286%
CIBC Capital Corporation	\$ 29,342,494.69	339,485.03	17.767%
Brody 2005 LLC	\$ 4,550,000.00	52,642.32	2.755%
FEA III L.P.	\$ 2,000,000.00	23,139.48	1.211%
EPL Corporation	\$ 1,000,000.00	11,569.74	0.606%
ZG Investments III Ltd.	\$ 10,000,000.00	115,697.40	6.055%
<b>Total</b>	\$165,150,947.00	1,910,753.47	

Schedule-B

SCHEDULE C

INVESTOR MEMBERS

<u>Name</u>	<u>Address</u>
ASP EPL L.L.C.	c/o American Securities Capital Partners, L.P. 666 Third Avenue, 29th Floor New York, New York 10017 Attention: Glenn Kaufman Telephone: 212-476-8000 Fax: 212-697-5524
Continental Casualty Company	Mike Hass CNA 333 South Wabash Avenue, 23 South Chicago, Illinois 60604 Attention: Michael Hass Telephone: 312-822-6592
Multi-Strategy Holdings, L.P.	Multi-Strategy Holdings, L.P. 32 Old Slip, 37th Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
VF III Holdings, L.P.	VF III Holdings, L.P. 32 Old Slip, 37th Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
Brody 2005 LLC	c/o Hub International 1065 Avenue of the Americas New York, New York 10018 Attention: Howard Kaye Telephone: 212-338-2263 Fax: 212-354-0894
FEA III L.P.	c/o Rockdale Capital 650 Liberty Avenue Union, NJ 07083 Attention: Linda Kao Telephone: 908-688-4815

Schedule-C

EPL Corporation

c/o Niagara Corporation  
667 Madison Avenue  
11th Floor  
New York, New York 10021  
Attention: Michael Scharf  
Telephone: 212-317-1000  
Fax: 212-317-1001

ZG Investments III Ltd.

Courier Address  
Wellesley House,  
90 Pitt's Bay Road,  
Pembroke HM 08,  
BERMUDA

Mailing Address  
P.O. Box HM 2268,  
Hamilton HM JX,  
BERMUDA

Telephone: 1-441-294-2400  
Fax: 1-441-294-2401  
Attention: Mike Deevy

With a copy to:

Centre Group Holdings (US) Limited  
105 East 17th Street  
New York, NY 10003  
Attention: General Counsel  
Tel: 212-859-2714  
Fax: 212-859-2790

Schedule-C

---

SCHEDULE D

MATERIAL SUBSIDIARIES

El Pollo Loco, Inc.

Schedule-D

**AMENDMENT NO. 1  
TO  
SECOND AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY OPERATING AGREEMENT  
OF  
TRIMARAN POLLO PARTNERS, L.L.C.**

This AMENDMENT NO. 1 (this "Amendment") to the Second Amended and Restated Limited Liability Company Operating Agreement (the "Agreement") of Trimaran Pollo Partners, L.L.C. (the "Company") is entered into as of this 26th day of December, 2007 by and among the parties whose names are set forth on Schedule A hereto. Capitalized terms used herein and not otherwise defined in this Amendment shall have the meanings ascribed to such term in the Agreement (as defined below).

**RECITALS**

WHEREAS, on March 8, 2006, the Company entered into the Second Amended and Restated Limited Liability Company Operating Agreement with the members listed in Schedule A thereto;

WHEREAS, Section 13.04 of the Agreement provides that the Agreement may be amended or modified with the approval of Trimaran and each Investor Member, respectively; and

WHEREAS, in connection with the closing under the Unit Purchase Agreement (the "Unit Purchase Agreement") consummated on the date hereof by and among the Company, FS Equity Partners V, L.P. ("FSEP V"), FS Affiliates V, L.P. ("FSA V") and Peter Starrett, ("Starrett") and collectively with FSEP V and FSA V, ("FS"), Chicken Acquisition Corp., EPL Intermediate, Inc. and El Pollo Loco, Inc., Trimaran and each Investor Member desire to amend the Agreement as set forth in this Amendment.

NOW THEREFORE, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the other signatories hereto, intending to be legally bound hereby, agree as follows:

**1. Amendments.**

**1.1. CAC Board.**

1.1.1. Section 3.04 of the Agreement shall be amended to read in its entirety as follows:

(a) The board of directors of CAC (the "CAC Board") shall consist of a total of 11 directors. Except as provided by Section 3.04(c) below, the Managing Member may

cause the Company to change the total number of directors comprising the CAC Board, to designate or change the class and voting power of such directors, to appoint any additional directors to the CAC Board and to fill any vacancies on the CAC Board. The Company shall take all Necessary Action to cause any decision of the Managing Member pursuant to the preceding sentence to be effectuated as the Managing Member deems appropriate.

(b) All directors on the CAC Board shall be designated by the Trimaran Vehicles, except as provided in Section 3.04(c) below. All Persons designated to the CAC Board by the Trimaran Vehicles shall be "Trimaran Directors" and all others (including those designated pursuant to Sections 3.04(c) and 3.04(e) below) shall be "Non-Trimaran Directors." Subject to Section 3.04(c), the Non-Trimaran Directors shall initially include one designee of American Securities. All Persons to be elected as Trimaran Directors shall be designated by the Trimaran Vehicles, in a manner specified by the Managing Member. The Company and the Managing Member shall take all Necessary Action to cause the election of any Persons properly designated as Trimaran Directors or Non-Trimaran Directors.

(c) For so long as an Investor Member (together with its Affiliates) holds at least 15% of the aggregate number of Membership Units outstanding, such Investor Member shall have the right, but not the obligation, to designate one (1) Person to be elected as a Non-Trimaran Director, and the Company shall take all Necessary Action to cause the election of such Person as a Non-Trimaran Director; provided, however: (i) American Securities shall have the right, but not the obligation, to elect (or have elected by the Members) one Person to the CAC Board (which Person shall initially be Glenn Kaufman) until such time as American Securities no longer holds Membership Units; provided further, however, that upon consummation of an IPO, such right shall remain until such time as American Securities holds less than its Threshold Interest Amount, (ii) FS shall have the right, but not the obligation, to elect (or have elected by the Members) one Person (the "FS Director") to the CAC Board (which Person shall initially be John M. Roth) until such time as FS collectively holds less than 5% of the aggregate number of Membership Units outstanding, and (iii) until such time as FS holds less than 5% of the aggregate number of Membership Units, the Managing Member shall not change the class or voting power of the members of the CAC Board in a manner that materially adversely affects the FS Director without the consent of FSA V and FSEP V.

(d) Notwithstanding anything to the contrary herein, any Non-Trimaran Director shall be reasonably acceptable to the Managing Member (it being understood that Glenn Kaufman, David L. Horing, Michael G. Fisch, John M. Roth, Jon D. Ralph and Benjamin D. Geiger are reasonably acceptable to the Managing Member). The Company and the Managing Member shall take all Necessary Action to cause the election of any Non-Trimaran Director pursuant to the foregoing.

(e) The Company shall take all Necessary Action to cause the election of the chief executive officer of EPL Holdings, Inc. as a Non-Trimaran Director.

(f) Persons serving on the CAC Board or the boards of other Subsidiaries of the Company shall be reimbursed for reasonable, documented travel expenses incurred in connection with attendance at applicable board meetings.

(g) The board of directors of each Material Subsidiary shall (i) consist of the same proportion of Trimaran Directors and Non-Trimaran Directors as that of the CAC Board and (ii) be elected and appointed in the same manner as the CAC Board, with each Investor Member that has the right to designate a member of the CAC Board having the right to designate a member of the board of directors of each Material Subsidiary. The Managing Member shall amend Schedule D to reflect any additional Material Subsidiaries. The Company shall use its reasonable best efforts to provide that directors and officers liability insurance maintained by CAC, and indemnification rights applicable to CAC directors, shall be similarly maintained or provided, as applicable, to Members serving in their capacities as directors of Material Subsidiaries.

(h) The Continental Member and FS, for so long as FSEP V or FSA V continues to hold Membership Units, shall have observer rights with respect to CAC Board meetings.

(i) Until such time as FS holds less than 15% of the aggregate number of Membership Units or (i) the FS Director shall be entitled to serve on the Compensation Committee of each of the CAC Board and of the board of directors of each Material Subsidiary and (ii) FS shall have observer rights with respect to any other committee of each of the CAC Board and of the board of directors of each Material Subsidiary.

## 1.2. Schedules A, B and C.

1.2.1. Schedules A, B and C of the Agreement shall be amended in their entirety to read as set forth in such Schedules hereto, respectively. Upon the First Closing under the Unit Purchase Agreement, by executing and delivering this Amendment, each of FSEP V, FSA V and Peter Starrett shall hereby become a party to, and agrees to be bound and comply with the provisions of the Agreement, as amended hereby, as a "Member" as that term is defined in the Agreement, as if the undersigned had entered into the Agreement, as amended, as an original party thereto in the capacity of a "Member," including, without limitation, for purposes of making the representations set forth in Article XII of the Agreement, provided that the representation in Section 12.01(n) does not apply to the Unit Purchase Agreement which FS may rely upon, to the extent permitted thereunder, in connection with its purchase of Units, and FSA V does not make the representation that it is a Qualified Purchaser pursuant to Section 12.01(f).

1.3. Section 3.06 of the Agreement shall be amended to add the following at the end of said Section:

The Members hereby acknowledge and agree that CAC, Trimaran Fund Management, L.L.C. and Freeman Spogli & Co. V, L.P. will enter into an Amendment No. 1 to Monitoring and Management Agreement (the "Management Agreement"), the form of which is attached as Schedule D hereto.

1.4. Section 5.01(c) of the Agreement shall be amended in its entirety to read as follows:

- (c) In the event the Managing Member distributes non-Marketable Securities to any Member pursuant to the terms of this Agreement, other than (i) Newly Issued Securities, (ii) any securities distributed in connection with a dissolution of the Company (other than a dissolution pursuant to Section 11.01(a)(i)), or (iii) any securities distributed pursuant to Section 5.01(f) of this Agreement, such Member shall enter into a stockholders agreement with the Managing Member (or its designee) in respect of such non-Marketable Securities (A) containing substantially the same terms and conditions as set forth in Articles VII, VIII, and XIII, and Sections 9.04, 5.01(f), and 3.04 hereof, (B) providing that the right to vote such non-Marketable Securities shall remain with the Company or, if the Company has been dissolved, shall lie with the Managing Member and (C) in the event that such non-Marketable Securities are distributed to the limited partners of the any of the Trimaran Vehicles, containing no greater restrictions on such Member than apply to the non-Marketable Securities that are held by the limited partners of such Trimaran Vehicle. Any such agreement shall terminate upon the earlier of (i) the time that the Managing Member (or its Affiliates) no longer Controls, directly or indirectly, CAC, and (ii) the sixth anniversary of an IPO.

1.5. Section 5.01 of the Agreement shall be amended to add the following provision at the end of such section:

- (f) Beginning (i) two (2) years following the consummation of a Qualified Public Offering (as defined in the Stockholders Agreement), or (ii) any time after the value of common stock of CAC, based on any daily closing price, previously sold to the public pursuant to a registration statement or pursuant to Rule 144 under the Securities Act, exceeds \$100 million, but not before two (2) years after an IPO, (iii) on the date on or after an IPO on which the Trimaran Vehicles shall have Transferred, directly or indirectly, Membership Units or shares of CAC common stock representing more than fifty percent (50%) of the number of shares of CAC common stock Beneficially Owned by the Trimaran Vehicles as of the date hereof, FS shall be entitled to receive a pro rata distribution of the shares of CAC common stock held by the Company in proportion to its ownership of membership interests in the Company for subsequent resale in compliance with applicable securities laws and with the Stockholders Agreement. In the event that FS receives any distribution of shares pursuant to the foregoing, FS agrees that it shall (i) execute a supplementary agreement pursuant to Article IX of the Stockholders Agreement adding FS as an Additional Stockholder under such agreement and (ii) comply with any customary requests by underwriters with respect to lockup or similar arrangements with securityholders to the extent major stockholders are similarly bound. Any distribution to FS pursuant to this Section 5.01(f) shall be in termination of its entire collective interest in the Company, subject to its rights pursuant to Article X which shall continue in full force and effect with respect to any period prior to such distribution during which FS was a Member of the



Company. In the event that any Affiliate of CAC completes an IPO prior to any distribution pursuant to Section 5.01(f) of this Agreement, each of the Company and FS shall use commercially reasonable efforts to preserve each of FS and the Trimaran Vehicles' rights pursuant to Section 3.04 of this Agreement.

1.6. Section 7.02(d) of the Agreement shall be amended in its entirety to read as follows:

- (d) Promptly following the end of the Election Period, the Company shall notify each electing Member of the amount of Newly Issued Securities or Other Securities (as the case may be) for which it has exercised its rights under this Section 7.02, each such Member shall make a Capital Contribution to the Company in an amount equal to the purchase price for such Newly Issued Securities or Other Securities (as the case may be), and the Managing Member shall apply such Capital Contributions to the purchase by the Company of such Newly Issued Securities or Other Securities (as the case may be). The Managing Member, in its reasonable discretion, shall determine whether the Newly Issued Securities or Other Securities (as the case may be) shall be held by such Member or by the Company and, if by the Company, the number and class of new membership interests in the Company to be issued in respect of any Capital Contributions by such Member for such Newly Issued Securities or Other Securities (as the case may be) and the terms and conditions applicable to such membership interests. The Managing Member shall amend Schedule B to reflect the purchase of any such membership interests. Alternatively, in the event the Managing Member determines that such Member shall hold such Newly Issued Securities or Other Securities (as the case may be) directly rather than through its membership interest in the Company, such Member hereby agrees that it shall, upon the Managing Member's request, (i) enter into a shareholders agreement with the Managing Member (or its designee) in respect of such Newly Issued Securities or Other Securities (as the case may be) containing substantially the same terms and conditions set forth in Section 5.01(f) and Articles VII, VIII, and XIII hereof, and providing that the right to vote such Newly Issued Securities or Other Securities (as the case may be) shall remain with the Company, or, if the Company has been dissolved, shall lie with the Managing Member, until such time as the Managing Member (or its Affiliates) no longer Control, directly or indirectly, CAC, and (ii) become a party to the Stockholders Agreement (or a similar agreement containing registration rights); provided, in each case that acquiring such securities directly and entering into such stockholders agreement does not violate any of the provisions of the underlying agreements governing such Newly Issued Securities or Other Securities.

1.7. The definition of "Stockholders Agreement" shall be amended in its entirety to read as follows:

"Stockholders Agreement" means the agreement entered into among the Company, CAC and certain other parties thereto as of the Closing Date setting forth, among other things, certain drag-along, registration and preemptive rights granted to the Company in respect of the equity securities of CAC, a draft of which is attached as Exhibit A hereto, as amended pursuant to its terms subsequent to the Closing Date.

2. **Reference to and Effect upon the Agreement.** Except as specifically set forth above, the Agreement shall remain in full force and effect and is hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not constitute an amendment of any provision of the Agreement, except as specifically set forth herein.

3. **Headings.** The section headings contained in this Amendment are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Amendment.

4. **Counterparts; Effectiveness.** This Amendment may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment as of the date first written above.

**THE COMPANY**

TRIMARAN POLLO PARTNERS, L.L.C.

By: /s/ Dean C. Kehler

Name: Dean C. Kehler

Title: Vice President and Secretary

**MANAGING MEMBER**

TRIMARAN CAPITAL, L.L.C.

By: /s/ Dean C. Kehler

Name: Dean C. Kehler

Title: Managing Director

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

**OTHER MEMBERS**

TRIMARAN FUND II, L.L.C.

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

TRIMARAN PARALLEL FUND II, L.P.

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

CIBC EMPLOYEE PRIVATE EQUITY FUND (TRIMARAN)  
PARTNERS

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

ASP EPL L.L.C.

By: /s/ Eric Schondorf

Name: Eric Schondorf

---

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

By: /s/ Dennis R. Hemme

Name: Dennis R. Hemme

Title: Senior Vice President and Treasurer

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

MULTI-STRATEGY HOLDINGS, L.P.

By: Multi-Strategy Holdings Offshore Advisors, Inc., its  
General Partner

By: /s/ Ryan Boucher

Name: Ryan Boucher

Title: Vice President

VF III HOLDINGS, L.P.

By: VF III Holdings Offshore Advisors, Inc., its General  
Partner

By: /s/ Ryan Boucher

Name: Ryan Boucher

Title: Vice President

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]



ZG INVESTMENTS III LTD.

By: /s/ Linda Morrell

Name: Linda Morrell

Title: Assistant Controller

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

BRODY 2005 LLC

By: /s/ Howard Kaye

Name: Howard Kaye

Title: Managing Member

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

FEA III L.P.

By: /s/ Warren Eisenberg

Name: Warren Eisenberg

Title: Managing Partner

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

EPL CORPORATION

By: /s/ Michael Scharf

Name: Michael Scharf

Title: President

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

FS EQUITY PARTNERS V, L.P.

By: FS Capital Partners V, LLC,  
Its General Partner

By: /s/ John M. Roth  
Name: John M. Roth  
Title: Managing Member

FS AFFILIATES V, L.P.

By: FS Capital Partners V, LLC,  
Its General Partner

By: /s/ John M. Roth  
Name: John M. Roth  
Title: Managing Member

By: /s/ Peter Starrett  
Name: Peter Starrett

[ *Amendment No. 1 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

## SCHEDULE A

## NAMES AND ADDRESSES OF MEMBERS

Name	Address
ASP EPL L.L.C.	c/o American Securities Capital Partners, L.P. 666 Third Avenue, 29th Floor New York, New York 10017 Attention: Glenn Kaufman Telephone: 212-476-8000 Fax: 212-697-5524
Continental Casualty Company	Mike Hass CNA 333 South Wabash Avenue, 23 South Chicago, Illinois 60604 Attention: Michael Hass Telephone: 312-822-6592
Multi-Strategy Holdings, L.P.	Multi-Strategy Holdings, L.P. 32 Old Slip, 37th Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
VF III Holdings, L.P.	VF III Holdings, L.P. 32 Old Slip, 37th Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
Trimaran Capital, L.L.C.	c/o Trimaran Fund Management, L.L.C. 1325 Avenue of the Americas, 34th Floor New York, New York 10019 Attn.: Alberto Robaina Telephone: 212-616-3750 Fax: 212-616-3704

Schedule-A-1

Trimaran Fund II, L.L.C.

c/o Trimaran Fund Management, L.L.C.  
1325 Avenue of the Americas, 34th Floor  
New York, New York 10019  
Attn.: Alberto Robaina  
Telephone: 212-616-3750  
Fax: 212-616-3704

Trimaran Parallel Fund II, L.P.

c/o Trimaran Fund Management, L.L.C.  
1325 Avenue of the Americas, 34th Floor  
New York, New York 10019  
Attn.: Alberto Robaina  
Telephone: 212-616-3750  
Fax: 212-616-3704

CIBC Employee Private Equity Fund (Trimaran) Partners

c/o Trimaran Fund Management, L.L.C.  
1325 Avenue of the Americas, 34th Floor  
New York, New York 10019  
Attn.: Alberto Robaina  
Telephone: 212-616-3750  
Fax: 212-616-3704

CIBC Capital Corporation

c/o Trimaran Fund Management, L.L.C.  
1325 Avenue of the Americas, 34th Floor  
New York, New York 10019  
Attn.: Alberto Robaina  
Telephone: 212-616-3750  
Fax: 212-616-3704

Brody 2005 LLC

c/o Hub International  
1065 Avenue of the Americas  
New York, New York 10018  
Attention: Howard Kaye  
Telephone: 212-338-2263  
Fax: 212-354-0894

FEA III L.P.

c/o Rockdale Capital  
650 Liberty Avenue  
Union, NJ 07083  
Attention: Linda Kao  
Telephone: 908-688-4815

Schedule-A-2

EPL Corporation

c/o Niagara Corporation  
667 Madison Avenue  
11th Floor  
New York, New York 10021  
Attention: Michael Scharf  
Telephone: 212-317-1000  
Fax: 212-317-1001

ZG Investments III Ltd.

Courier Address  
Wellesley House,  
90 Pitt's Bay Road,  
Pembroke HM 08,  
BERMUDA

Mailing Address  
P.O. Box HM 2268,  
Hamilton HM JX,  
BERMUDA

Telephone: 1-441-294-2400  
Fax: 1-441-294-2401  
Attention: Mike Deevy

With a copy to:

Zurich Alternative Asset Management, LLC  
105 East 17th Street  
New York, NY 10003  
Attention: General Counsel  
Tel: 212-859-2714  
Fax: 212-859-2790

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.  
11100 Santa Monica Boulevard  
Suite 1900  
Los Angeles, CA 90025  
Tel: 310-444-1822  
Fax: 310-444-1870

Schedule-A-3



---

With a copy to:

Bingham McCutchen, LLP  
355 South Grand Avenue, Suite 4400  
Los Angeles, CA 90071-3106  
Attention: Richard J. Welch  
Tel: 213-680-6400  
Fax: 213-680-6499

Peter Starrett

11100 Santa Monica Boulevard  
Suite 1900  
Los Angeles, CA 90025  
Tel: 310-444-1822  
Fax: 310-444-1870

Schedule-A-4

## SCHEDULE B

CAPITAL CONTRIBUTIONS AND  
MEMBERSHIP UNITS

<u>Name</u>	<u>Capital Contribution</u>	<u>Membership Units</u>	<u>Percentage</u>
ASP EPL L.L.C.	\$ 10,000,000.00	115,697.40	4.99%
Continental Casualty Company	\$ 10,000,000.00	115,697.40	4.99%
Multi-Strategy Holdings, L.P.	\$ 659,963.26	7,635.60	0.33%
VF III Holdings, L.P.	\$ 9,340,036.74	108,061.79	4.66%
Trimaran Capital, L.L.C.	\$ 2,666,954.28	30,855.97	1.33%
Trimaran Fund II, L.L.C.	\$ 41,305,098.22	477,889.24	20.60%
Trimaran Parallel Fund II, L.P.	\$ 17,390,592.84	201,204.63	8.67%
CIBC Employee Private Equity Fund (Trimaran) Partners	\$ 26,895,806.98	311,177.49	13.41%
CIBC Capital Corporation	\$ 29,342,494.69	339,485.03	14.63%
Brody 2005 LLC	\$ 4,550,000.00	52,642.32	2.27%
FEA III L.P.	\$ 2,000,000.00	23,139.48	1.00%
EPL Corporation	\$ 1,000,000.00	11,569.74	0.50%
ZG Investments III Ltd.	\$ 10,000,000.00	115,697.40	4.99%
FS Equity Partners V, L.P.	\$ 44,159,300.00	401,448.18	17.30%
FS Affiliates V, L.P.	\$ 590,700.00	5,370	0.23%
Peter Starrett	\$ 250,000.00	2,272.73	0.10%
<b>Total</b>	<b>\$210,150,947.00</b>	<b>2,319,844.40</b>	<b>100%</b>

Schedule-B-1

SCHEDULE C

INVESTOR MEMBERS

Name	Address
ASP EPL L.L.C.	c/o American Securities Capital Partners, L.P. 666 Third Avenue, 29 <sup>th</sup> Floor New York, New York 10017 Attention: Glenn Kaufman Telephone: 212-476-8000 Fax: 212-697-5524
Continental Casualty Company	Mike Hass CNA 333 South Wabash Avenue, 23 South Chicago, Illinois 60604 Attention: Michael Hass Telephone: 312-822-6592
Multi-Strategy Holdings, L.P.	Multi-Strategy Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
VF III Holdings, L.P.	VF III Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
Brody 2005 LLC	c/o Hub International 1065 Avenue of the Americas New York, New York 10018 Attention: Howard Kaye Telephone: 212-338-2263 Fax: 212-354-0894

FEA III L.P.

c/o Rockdale Capital  
650 Liberty Avenue  
Union, NJ 07083  
Attention: Linda Kao  
Telephone: 908-688-4815

EPL Corporation

c/o Niagara Corporation  
667 Madison Avenue  
11<sup>th</sup> Floor  
New York, New York 10021  
Attention: Michael Scharf  
Telephone: 212-317-1000  
Fax: 212-317-1001

ZG Investments III Ltd.

Courier Address

Wellesley House,  
90 Pitt's Bay Road,  
Pembroke HM 08,  
BERMUDA

Mailing Address

P.O. Box HM 2268,  
Hamilton HM JX,  
BERMUDA

Telephone: 1-441-294-2400  
Fax: 1-441-294-2401  
Attention: Mike Deevy

With a copy to:

Zurich Alternative Asset Management, LLC  
105 East 17th Street  
New York, NY 10003  
Attention: General Counsel  
Tel: 212-859-2714  
Fax: 212-859-2790

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.  
11100 Santa Monica Boulevard  
Suite 1900  
Los Angeles, CA 90025  
Tel: 310-444-1822  
Fax: 310-444-1870

---

With a copy to:

Bingham McCutchen, LLP  
355 South Grand Avenue, Suite 4400  
Los Angeles, CA 90071-3106  
Attention: Richard J. Welch  
Tel: 213-680-6400  
Fax: 213-680-6499

Schedule-C-3

**AMENDMENT NO. 2  
TO  
SECOND AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY OPERATING AGREEMENT  
OF  
TRIMARAN POLLO PARTNERS, L.L.C.**

This AMENDMENT NO. 2 (this "Amendment") to the Second Amended and Restated Limited Liability Company Operating Agreement (the "Agreement") of Trimaran Pollo Partners, L.L.C. (the "Company") is entered into as of this 30th day of January, 2008 by and among the Company, Trimaran, and the parties whose names are set forth on Schedule C hereto. Capitalized terms used herein and not otherwise defined in this Amendment shall have the meanings ascribed to such term in the Agreement (as defined below).

**RECITALS**

WHEREAS, on March 8, 2006, the Company entered into the Second Amended and Restated Limited Liability Company Operating Agreement with the members listed in Schedule A thereto;

WHEREAS, Section 13.04 of the Agreement provides that the Agreement may be amended or modified with the approval of Trimaran and each Investor Member, respectively; and

WHEREAS, in connection with the closing under the Unit Purchase Agreement (the "Unit Purchase Agreement") consummated on the date hereof by and among the Company, Chicken Acquisition Corp., a Delaware corporation, EPL Intermediate, Inc., a Delaware corporation, El Pollo Loco, Inc., a Delaware corporation, certain members of the Company signatories thereto, FS Equity Partners V, L.P. ("FSEP V"), FS Affiliates V, L.P. ("FSA V") and Peter Starrett, ("Starrett" and collectively with FSEP V and FSA V, "ES"), Trimaran and each Investor Member desire to amend the Agreement as set forth in this Amendment.

NOW THEREFORE, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the other signatories hereto, intending to be legally bound hereby, agree as follows:

1. **Amendments.**

1.1. **Officers**

1.1.1. Section 3.03(e) of the Agreement shall be amended to read in its entirety as follows:

(e) The following persons are hereby appointed officers of the Company:

Andrew R. Heyer – President  
Dean C. Kehler — Vice President  
Jay R. Bloom — Vice President and Secretary  
Alberto Robaina — Assistant Secretary

## 1.2. CAC Board

1.2.1. Section 3.04(a) of the Agreement shall be amended to read in its entirety as follows:

(a) The board of directors of CAC (the "CAC Board") shall consist of a total of 9 directors. Except as provided by Section 3.04(c) below, the Managing Member may cause the Company to change the total number of directors comprising the CAC Board, to designate or change the class and voting power of such directors, to appoint any additional directors to the CAC Board and to fill any vacancies on the CAC Board. The Company shall take all Necessary Action to cause any decision of the Managing Member pursuant to the preceding sentence to be effectuated as the Managing Member deems appropriate.

1.2.2. Section 3.04(b) of the Agreement shall be amended to read in its entirety as follows:

(b) All directors on the CAC Board shall be designated by the Trimaran Vehicles, except as provided in Section 3.04(c) below. All Persons designated to the CAC Board by the Trimaran Vehicles shall be "Trimaran Directors" and all others (including those designated pursuant to Sections 3.04(c) and 3.04(e) below) shall be "Non-Trimaran Directors." All Persons to be elected as Trimaran Directors shall be designated by the Trimaran Vehicles, in a manner specified by the Managing Member. The Company and the Managing Member shall take all Necessary Action to cause the election of any Persons properly designated as Trimaran Directors or Non-Trimaran Directors.

1.2.3. Section 3.04(c) of the Agreement shall be amended to read in its entirety as follows:

(c) For so long as an Investor Member (together with its Affiliates) holds at least 15% of the aggregate number of Membership Units outstanding, such Investor Member shall have the right, but not the obligation, to designate one (1) Person to be elected as a Non-Trimaran Director, and the Company shall take all Necessary Action to cause the election of such Person as a Non-Trimaran Director; provided, however: (i) that FS shall have the right, but not the obligation, to elect (or have elected by the Members) one Person (the "FS Director") to the CAC Board (which Person shall initially be John M. Roth) until such time as FS collectively holds less than 5% of the aggregate number of Membership Units outstanding, and (ii) until such time as FS holds less than 5% of the aggregate number of Membership Units, the Managing Member shall not change the class or voting power of the members of the CAC Board in a manner that materially adversely affects the FS Director without the consent of FSA V and FSEP V.

1.2.4. Section 3.04(d) of the Agreement shall be amended to read in its entirety as follows:

(d) Notwithstanding anything to the contrary herein, any Non-Trimaran Director shall be reasonably acceptable to the Managing Member (it being understood that John M. Roth, Jon D. Ralph and Benjamin D. Geiger are reasonably acceptable to the Managing Member). The Company and the Managing Member shall take all Necessary Action to cause the election of any Non-Trimaran Director pursuant to the foregoing.

1.3. Distributions

1.3.1. Section 5.01(d) of the Agreement shall be amended to read in its entirety as follows: [reserved].

1.3.2. Section 5.01(e) of the Agreement shall be amended to read in its entirety as follows: [reserved].

1.4. Transfers to Affiliates

1.4.1. Section 8.05 of the Agreement shall be amended to read in its entirety as follows:

Subject to Section 8.06, any Member may Transfer any Membership Units to an Affiliate of such Member; provided that such Transfer shall not be effective unless and until the Managing Member is reasonably satisfied that such Transfer complies with the conditions set forth in clauses (i) through (iv) of Section 8.01(c); and, provided further that, notwithstanding anything to the contrary herein, transfers to Affiliates shall not trigger the right of first offer, tag-along or drag-along rights described in Sections 8.02, 8.03 and 8.04, respectively.

1.5. Schedules A, B and C.

1.5.1. Schedules A, B and C of the Agreement shall be amended in their entirety to read as set forth in such Schedules hereto,

respectively.

1.6. The definition of "American Securities" shall be deleted in its entirety.

1.7. The definition of "Capital Contributions" shall be amended in its entirety to read as follows:

"Capital Contribution" means, with respect to any Member, the total amount of cash or the value of other property contributed to the Company by such Member pursuant to this Agreement; provided that the Managing Member shall determine in its reasonable discretion the value of any property other than cash contributed by any Member; provided, further, that any Capital Contributions made following the date of this Agreement shall consist solely of cash.



2. **Reference to and Effect upon the Agreement.** Except as specifically set forth above, the Agreement shall remain in full force and effect and is hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not constitute an amendment of any provision of the Agreement, except as specifically set forth herein.

3. **Headings.** The section headings contained in this Amendment are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Amendment.

4. **Counterparts; Effectiveness.** This Amendment may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment as of the date first written above.

**THE COMPANY**

TRIMARAN POLLO PARTNERS, L.L.C.

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Vice President and Secretary

**MANAGING MEMBER**

TRIMARAN CAPITAL, L.L.C.

By: /s/Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

**OTHER MEMBERS**

TRIMARAN FUND II, L.L.C.

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

TRIMARAN PARALLEL FUND II, L.P.

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

CIBC EMPLOYEE PRIVATE EQUITY FUND (TRIMARAN)  
PARTNERS

By: /s/ Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

By: /s/Jay R. Bloom

Name: Jay R. Bloom

Title: Managing Director

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

By: /s/ Marilou R. McGirr

Name: Marilou R. McGirr

Title: Vice President and Assistant Treasurer

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

MULTI-STRATEGY HOLDINGS, L.P.

By: Multi-Strategy Holdings Offshore Advisors, Inc., its  
General Partner

By: /s/ Ryan Boucher

Name: Ryan Boucher  
Title: Vice President

VF III HOLDINGS, L.P.

By: VF III Holdings Offshore Advisors, Inc.,  
its General Partner

By: /s/ Ryan Boucher

Name: Ryan Boucher  
Title: Vice President

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

ZG INVESTMENTS III LTD.

By: /s/ Michael Deevy

Name: Michael Deevy

Title: Director

By: /s/ Linda Morrell

Name: Linda Morrell

Title: Director

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

BRODY 2005 LLC

By: /s/ Howard Kaye

Name: Howard Kaye

Title: Managing Member

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]



FS EQUITY PARTNERS V, L.P.

By: FS Capital Partners V, LLC,  
its General Partner

By: /s/ John M. Roth  
Name: John M. Roth  
Title: Managing Member

FS AFFILIATES V, L.P.

By: FS Capital Partners V, LLC,  
its General Partner

By: /s/ John M. Roth  
Name: John M. Roth  
Title: Managing Member

[ *Amendment No. 2 to Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

SCHEDULE A

NAMES AND ADDRESSES OF MEMBERS

<u>Name</u>	<u>Address</u>
Continental Casualty Company	Mike Hass CNA 333 South Wabash Avenue, 23 South Chicago, Illinois 60604 Attention: Michael Hass Telephone: 312-822-6592
Multi-Strategy Holdings, L.P.	Multi-Strategy Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
VF III Holdings, L.P.	VF III Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
Trimaran Capital, L.L.C.	c/o Trimaran Fund Management, L.L.C. 1325 Avenue of the Americas, 34th Floor New York, New York 10019 Attn.: Alberto Robaina Telephone: 212-616-3750 Fax: 212-616-3704
Trimaran Fund II, L.L.C.	c/o Trimaran Fund Management, L.L.C. 1325 Avenue of the Americas, 34th Floor New York, New York 10019 Attn.: Alberto Robaina Telephone: 212-616-3750 Fax: 212-616-3704
Trimaran Parallel Fund II, L.P.	c/o Trimaran Fund Management, L.L.C. 1325 Avenue of the Americas, 34th Floor New York, New York 10019 Attn.: Alberto Robaina Telephone: 212-616-3750 Fax: 212-616-3704

CIBC Employee Private Equity Fund (Trimaran) Partners

c/o Trimaran Fund Management, L.L.C.  
1325 Avenue of the Americas, 34th Floor  
New York, New York 10019  
Attn.: Alberto Robaina  
Telephone: 212-616-3750  
Fax: 212-616-3704

CIBC Capital Corporation

c/o Trimaran Fund Management, L.L.C.  
1325 Avenue of the Americas, 34th Floor  
New York, New York 10019  
Attn.: Alberto Robaina  
Telephone: 212-616-3750  
Fax: 212-616-3704

Brody 2005 LLC

c/o Hub International  
1065 Avenue of the Americas  
New York, New York 10018  
Attention: Howard Kaye  
Telephone: 212-338-2263  
Fax: 212-354-0894

ZG Investments III Ltd.

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Pembroke HM 08,  
BERMUDA

Mailing Address  
P.O. Box HM 2268,  
Hamilton HM JX,  
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Telephone: 1-441-294-2400  
Fax: 1-441-294-2401  
Attention: Mike Deevy

With a copy to:

Zurich Alternative Asset Management, LLC  
105 East 17th Street  
New York, NY 10003  
Attention: General Counsel

Schedule-A-2

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.  
11100 Santa Monica Boulevard  
Suite 1900  
Los Angeles, CA 90025  
Tel: 310-444-1822  
Fax: 310-444-1870

With a copy to:

Bingham McCutchen, LLP  
355 South Grand Avenue, Suite 4400  
Los Angeles, CA 90071-3106  
Attention: Richard J. Welch  
Tel: 213-680-6400  
Fax: 213-680-6499

Peter Starrett

11100 Santa Monica Boulevard  
Suite 1900  
Los Angeles, CA 90025  
Tel: 310-444-1822  
Fax: 310-444-1870

Schedule-A-3

SCHEDULE B

CAPITAL CONTRIBUTIONS AND  
MEMBERSHIP UNITS

<u>Name</u>	<u>Capital Contribution</u>	<u>Membership Units</u>	<u>Percentage</u>
Continental Casualty Company	\$ 5,000,000.00	57,848.70	2.49%
Multi-Strategy Holdings, L.P.	\$ 659,963.26	7,635.60	0.33%
VF III Holdings, L.P.	\$ 9,340,036.74	108,061.79	4.66%
Trimaran Capital, L.L.C.	\$ 2,666,954.28	30,855.97	1.33%
Trimaran Fund II, L.L.C.	\$ 41,305,098.22	477,889.24	20.60%
Trimaran Parallel Fund II, L.P.	\$ 17,390,592.84	201,204.63	8.67%
CIBC Employee Private Equity Fund (Trimaran) Partners	\$ 26,895,806.98	311,177.49	13.41%
CIBC Capital Corporation	\$ 29,342,494.69	339,485.03	14.63%
Brody 2005 LLC	\$ 1,446,292.57	16,733.23	.72%
ZG Investments III Ltd.	\$ 10,000,000.00	115,697.40	4.99%
FS Equity Partners V, L.P.	\$ 64,984,438.49	642,389.62	27.69%
FS Affiliates V, L.P.	\$ 869,268.94	8,592.97	.37%
Peter Starrett	\$ 250,000.00	2,272.73	0.10%
<b>Total</b>	<b>\$210,150,947.01</b>	<b>2,319,844.40</b>	<b>100%</b>

Schedule-B-1

SCHEDULE C

INVESTOR MEMBERS

	<u>Name</u>	<u>Address</u>
Continental Casualty Company		Mike Hass CNA 333 South Wabash Avenue, 23 South Chicago, Illinois 60604 Attention: Michael Hass Telephone: 312-822-6592
Multi-Strategy Holdings, L.P.		Multi-Strategy Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
VF III Holdings, L.P.		VF III Holdings, L.P. 32 Old Slip, 37 <sup>th</sup> Floor New York, New York 10005 Attn: Kane Brennan Telephone: 212-855-9851 Fax: 212-493-0187
Brody 2005 LLC		c/o Hub International 1065 Avenue of the Americas New York, New York 10018 Attention: Howard Kaye Telephone: 212-338-2263 Fax: 212-354-0894
ZG Investments III Ltd.		<u>Courier Address</u> Wellesley House, 90 Pitt's Bay Road, Pembroke HM 08, BERMUDA  <u>Mailing Address</u> P.O. Box HM 2268, Hamilton HM JX, BERMUDA  Telephone: 1-441-294-2400 Fax: 1-441-294-2401 Attention: Mike Deevy

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.

With a copy to:

Zurich Alternative Asset Management, LLC  
105 East 17th Street  
New York, NY 10003  
Attention: General Counsel

FS Equity Partners V, L.P.  
FS Affiliates V, L.P.  
11100 Santa Monica Boulevard  
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Bingham McCutchen, LLP  
355 South Grand Avenue, Suite 4400  
Los Angeles, CA 90071-3106  
Attention: Richard J. Welch  
Tel: 213-680-6400  
Fax: 213-680-6499

Schedule-C-2

**AMENDMENT NO. 3  
TO  
THE SECOND AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY OPERATING AGREEMENT  
OF  
TRIMARAN POLLO PARTNERS, L.L.C.**

This AMENDMENT NO. 3 (this "Amendment") to the Second Amended and Restated Limited Liability Company Operating Agreement (the "Agreement") of Trimaran Pollo Partners, L.L.C. (the "Company") is entered into as of this 14th day of July, 2011 by and between the Company and the Managing Member. Capitalized terms used herein and not otherwise defined in this Amendment shall have the meanings ascribed to such term in the Agreement.

**RECITALS**

WHEREAS, on March 8, 2006, the Company entered into the Second Amended and Restated Limited Liability Company Operating Agreement with the members listed in Schedule A thereto;

WHEREAS, Section 4.02 of the Agreement provides that Schedule B to the Agreement shall be amended with the approval of the Managing Member to reflect the making of any additional Capital Contributions and the issuance of any additional Membership Units; and

WHEREAS, in connection with the closing under the Unit Purchase Agreement (the "Unit Purchase Agreement") consummated on the date hereof, by and among the Company, Chicken Acquisition Corp., a Delaware corporation, FS Equity Partners V, L.P., a Delaware limited partnership ("FSEP V"), FS Affiliates V, L.P., a Delaware limited partnership ("FSA V"), Trimaran Capital, L.L.C., a Delaware limited liability company ("TRICAP"), Trimaran Fund II, L.L.C., a Delaware limited liability company ("TRIFUND"), Trimaran Parallel Fund II, L.P., a Delaware limited partnership ("TRIPAR"), CIBC Employee Private Equity Fund (Trimaran) Partners, a New York general partnership ("CIBC"), and CIBC Capital Corporation, a Delaware corporation ("CIBCCAP" and collectively with FSEP V, FSA V, TRICAP, TRIFUND, TRIPAR, and CIBC, the "Purchasers"), the Purchasers desire to make additional Capital Contributions in exchange for the issuance of additional Membership Units and the Company and the Managing Member desire to amend the Agreement as set forth in this Amendment.

NOW THEREFORE, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the other signatories hereto, intending to be legally bound hereby, agree as follows:

**1. Amendments.**

1.1. Schedule B. Schedule B of the Agreement shall be amended in its entirety to read as set forth in such Schedule hereto.



2. **Reference to and Effect upon the Agreement.** Except as specifically set forth above, the Agreement shall remain in full force and effect and is hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not constitute an amendment of any provision of the Agreement, except as specifically set forth herein.

3. **Headings.** The section headings contained in this Amendment are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Amendment.

4. **Counterparts; Effectiveness.** This Amendment may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment as of the date first written above.

**THE COMPANY**

TRIMARAN POLLO PARTNERS, L.L.C.

By: /s/ Dean C. Kehler

Name: Dean C. Kehler

Title: Vice President

**MANAGING MEMBER**

TRIMARAN CAPITAL, L.L.C.

By: Trimaran Fund Management L.L.C., its investment  
manager

By: /s/ Dean C. Kehler

Name: Dean C. Kehler

Title: Managing Partner

[ *Amendment No. 3 to the Second Amended and Restated Limited Liability Company  
Operating Agreement of Trimaran Pollo Partners, L.L.C. Signature Page* ]

## SCHEDULE B

CAPITAL CONTRIBUTIONS AND  
MEMBERSHIP UNITS

<u>Name</u>	<u>Capital Contribution</u>	<u>Membership Units</u>	<u>Percentage</u>
Continental Casualty Company	\$ 5,000,000.00	57,848.70	1.73%
Multi-Strategy Holdings, L.P.	\$ 659,963.26	7,635.60	0.23%
VF III Holdings, L.P.	\$ 9,340,036.74	108,061.79	3.24%
Trimaran Capital, L.L.C.	\$ 2,950,429.28	43,642.39	1.31%
Trimaran Fund II, L.L.C.	\$ 45,695,485.72	675,922.05	20.27%
Trimaran Parallel Fund II, L.P.	\$ 19,239,067.84	284,581.94	8.53%
CIBC Employee Private Equity Fund (Trimaran) Partners	\$ 29,754,606.98	440,126.52	13.20%
CIBC Capital Corporation	\$ 32,461,357.19	480,164.44	14.40%
Brody 2005 LLC	\$ 1,446,253.07	16,733.23	0.50%
Zurich Insurance Company Ltd – Bermuda Branch	\$ 10,000,000.00	115,697.40	3.47%
FS Equity Partners V, L.P.	\$ 80,530,858.48	1,087,495.62	32.61%
FS Affiliates V, L.P.	\$ 1,077,226.72	14,546.96	0.44%
Peter Starrett	\$ 250,000.00	2,272.73	0.07%
<b>Total</b>	<b>\$238,405,285.28</b>	<b>3,334,729.38</b>	<b>100%</b>

Schedule-B-1

**MONITORING AND MANAGEMENT SERVICES AGREEMENT**

This Monitoring and Management Services Agreement (this "Agreement") is made as of November 18, 2005, by and between Chicken Acquisition Corp., a Delaware limited liability company (the "Company") and Trimaran Fund Management, L.L.C., a Delaware limited liability company (the "Advisor").

WHEREAS, the Company, Trimaran Fund II, L.L.C., Trimaran Capital, L.L.C., Trimaran Parallel Fund II, L.P., CIBC Employee Private Equity Fund (Trimaran) Partners, CIBC Capital Corporation and certain other investors have entered into a Limited Liability Company Operating Agreement, dated as of November 18, 2005 (the "Operating Agreement") in connection with the acquisition by the Company and its Subsidiaries of the outstanding capital stock of EPL Holdings, Inc. ("Holdings"), the indirect parent of El Pollo Loco, Inc. ("EPL"), pursuant to a Stock Purchase Agreement (the "Purchase Agreement") dated September 27, 2005 among Chicken Acquisition Corp., Holdings, EPL Intermediate, Inc., EPL, the equityholders of Holdings and American Securities Capital Partners, L.P. (the "Transaction");

WHEREAS, the Advisor advised the Company in connection with the structuring of the Transaction and the structuring and negotiation of financing activity related to the Transaction;

WHEREAS, certain funds affiliated with the Advisor are providing equity financing in connection with the consummation of the Transaction; and

WHEREAS, the Company desires to retain the Advisor in order to provide certain monitoring and management services to the Company and the Advisor is willing to provide such services on the terms set forth below; and

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Term. This Agreement shall commence on the Closing Date and shall terminate on the date on which the Advisor elects, in its sole and absolute discretion, to terminate this Agreement by providing written notice of such election to the Company (such period, the "Term", and the date upon which the Term ends with respect to the Advisor described in clauses (i) and (ii), the "Termination Date").

2. Services. The Advisor shall perform or cause to be performed such services for the Company as mutually agreed by the Advisor and the board of directors of the Company, which may include, without limitation, the following:

- (a) general monitoring and management services;

- (b) identification, support, negotiation and analysis of acquisitions and dispositions by the Company or its subsidiaries;
- (c) support, negotiation and analysis of financing alternatives, including, without limitation, in connection with acquisitions, capital expenditures, refinancing of existing indebtedness and equity issuances, including public offerings;
- (d) monitoring of finance functions, including assistance in the preparation of financial projections, and compliance with financing agreements;
- (e) monitoring of marketing functions, including marketing plans, branding and related strategies;
- (f) identifying and developing growth strategies, including new franchisees, new territories and expansion of new and existing markets;
- (g) monitoring of human resource functions, including searching, identifying and hiring of executives and directors; and
- (h) other monitoring services for the Company and its subsidiaries upon which the Advisor and the board of directors of the Company agree.

3. Monitoring and Management Services Fee.

(a) In consideration of the Advisor's undertaking to provide monitoring and management services hereunder, the Company shall pay the Advisor (or its designees) an annual Monitoring Fee (the "Monitoring Fee") in an aggregate amount for each fiscal year equal to \$500,000, payable quarterly in advance (as more fully described in Section 3(c) below) commencing on the date hereof and ending on the Termination Date. The Monitoring Fees shall be payable by the Company whether or not the Company actually requests that the Advisor provide the services described in Section 2 above. The Monitoring Fees shall be fully earned when due and payable.

(b) The first installation of the Monitoring Fee, for the period beginning on the date hereof and ending December 31, 2005, shall be payable on the date hereof unless otherwise directed by the Company in an amount equal to \$500,000 multiplied by a fraction (i) the numerator of which is the actual number of days from and including the date hereof to and including December 31, 2005, and (ii) the denominator of which is 365.

(c) Except as otherwise provided in Section 3(c) hereof, all subsequent payments of the Monitoring Fee shall be in quarterly installments, payable on the first business day of each applicable fiscal quarter, in an amount equal to \$125,000 per quarter; provided, if this Agreement terminates on a date other than the last day of a fiscal quarter, the final payment of the Monitoring Fee will be prorated based on the actual number of days from and including the date of termination and the Advisor shall promptly return any excess amount to the Company.

(d) In addition to the Monitoring Fee, the Company shall reimburse the Advisor, promptly upon request, for all reasonable out-of-pocket expenses incurred in the ordinary course of business by the Advisor in connection with the Advisor's obligations hereunder, including, without limitation, fees and expenses paid to advisers, consultants, subcontractors and other third parties in connection with such obligations. Such fees and expenses shall include travel and other related expenses of designees of the Advisor who may be nominated by the board of directors of the Company.

#### 4. Transaction Fees.

(a) The Company hereby agrees to pay to the Advisor (or its designees) a structuring, origination and transaction fee (the "Transaction Fee") for services rendered in connection with securing, structuring, advising and negotiating the equity and debt financing for the Transaction and certain other advisory services in connection therewith, in an amount equal to \$7,000,000. The Transaction Fee shall be payable by the Company at the Closing by wire transfer of immediately available funds to the Advisor or its designees to accounts designated by the Advisor (or such designees).

(b) During the Term, the Company shall provide the Advisor a right of first offer to serve as financial advisor in connection with any initial public offering, merger, sale of the stock or substantially all the assets, recapitalization, reorganization or similar transaction of the Company or its any of its subsidiaries. If the Advisor agrees to serve as financial advisor with respect to any such transaction, the Advisor (or its designees) shall be entitled to receive (i) an aggregate fee in connection with each such transaction (or series of concurrent transactions) equal to 2% of the gross transaction value of such transaction (or series of concurrent transactions) and (ii) an amount equal to the reasonable out-of-pocket expenses of the Advisor in connection with such transaction (or series of concurrent transactions).

(c) If this Agreement is terminated in connection with the consummation of an initial public offering of the Company or any of its subsidiaries, Advisor shall be entitled to an additional, one-time fee equal to \$2,500,000.

5. Personnel. The Advisor shall provide and devote to the performance of this Agreement such partners, employees and agents of the Advisor as it shall deem appropriate to the furnishing of the services required.

6. Liability. None of the Advisor, any of its Affiliates, nor any of its or their respective partners, members, directors, officers, employees or agents (collectively, the "Advisor Group") shall be liable to the Company or the Company's Subsidiaries or Affiliates for any damages due, penalty, fine, amounts paid in settlement, cost, loss, expense or fee (each a "Damage") arising out of or in connection with this Agreement or the performance of services contemplated by this Agreement, unless and then only to the extent that such Damage is determined by a court in a final order from which no appeal is taken, to have resulted primarily from gross negligence, willful misconduct or fraud on the part of such member of the Advisor Group. The Advisor makes no representations or warranties, express or implied, in respect of the services to be provided by the Advisor Group. Except as the Advisor may otherwise agree in writing on or after the date hereof: (a) each member of the Advisor Group shall have the right to,

and shall have no duty (contractual or otherwise) not to, directly or indirectly: (i) engage in the same or similar business activities or lines of business as the Company or its Subsidiaries, (ii) do business with any client or customer of the Company or its Subsidiaries and (iii) advise, manage, supervise or monitor any company or business, including any and all existing or future portfolio companies of the Advisor or of any of its Affiliate investment limited partnerships or limited liability companies, whether or not such company or business competes with the Company or its Subsidiaries; (b) no member of the Advisor Group shall be liable to the Company or its Subsidiaries for breach of any duty (contractual or otherwise) by reason of any such activities or of such person's participation therein; and (c) subject to the immediately following sentence, in the event that any member of the Advisor Group acquires knowledge of a potential transaction or matter that may be a corporate opportunity for both (A) the Company or any of its Subsidiaries, on the one hand, and (B) such member of the Advisor Group, on the other hand, or any other person, no member of the Advisor Group shall have any duty (contractual or otherwise) to communicate or present such corporate opportunity to the Company or its Subsidiaries and, notwithstanding any provision of this Agreement to the contrary, no member of the Advisor Group shall be liable to the Company, its Subsidiaries or any of their Affiliates for breach of any duty (contractual or otherwise) by reason of the fact that any member of the Advisor Group directly or indirectly pursues or acquires such opportunity for itself, directs such opportunity to another person, or does not present such opportunity to the Company, its Subsidiaries or any of their Affiliates. Nothing in this Agreement shall be construed to relieve the directors or officers of the Company from the performance of their respective duties or limit the exercise of their powers in accordance with the Company's organizational documents (including the Operating Agreement), any applicable provisions of the applicable corporate law, or otherwise. In no event will any of the parties hereto be liable to any other party hereto for any punitive, exemplary, indirect, special, incidental or consequential damages, including lost profits or savings, loss of business reputation or diminution in value whether or not such damages are or were foreseeable, or in respect of any liabilities relating to any third party claims (whether based in contract, tort or otherwise) except for the Claims (as defined in Section 7) relating to the services which may be provided by the Advisor hereunder. The activities of the Company shall at all times be subject to the control and direction of its board of directors and officers. The Company reserves the right to make all decisions with regard to any matter upon which the Advisor have rendered it advice and consultation.

7. **Indemnity.** The Company and its Subsidiaries shall defend, indemnify and hold harmless each member of the Advisor Group from and against any and all Damages arising from any demand, action, claim, suit, litigation, arbitration, prosecution, proceeding (including civil, criminal, administrative or appellate proceeding) by any person with respect to, or in any way related to, this Agreement (including, with limitation, attorney's fees) (collectively, "Claims") resulting from any act or omission of any member of the Advisor Group, except to the extent that such Damage is determined by a court in a final order from which no appeal is taken to have resulted primarily from the gross negligence, willful misconduct or fraud of such member of the Advisor Group. The Company and its Subsidiaries shall defend at their own cost and expense any and all Claims (just or unjust) which may be brought against the Company and its Subsidiaries or any member of the Advisor Group, or in which any member of the Advisor Group may be impleaded with others upon any Claims, or upon any matter, directly or indirectly, related to or arising out of this Agreement or the performance of the obligations hereunder by the

Advisor Group, except that to the extent that such Damage shall be determined by a court in a final order from which no appeal is taken to have resulted primarily from the gross negligence, willful misconduct or fraud of a member of the Advisor Group then such member of the Advisor Group shall reimburse the Company and its Subsidiaries for the costs of defense and other costs incurred by the Company and its Subsidiaries.

8. Notices. All notices, requests, claims, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (i) when received, if delivered personally, (ii) when transmitted, if by facsimile (which is confirmed) (iii) upon receipt, if by registered or certified mail (postage prepaid, return receipt requested) or (iv) the day after it is sent, if sent for next-day delivery to a domestic address by overnight mail, to the relevant parties hereto at the following addresses:

If to Trimaran, to:

Trimaran Fund Management, L.L.C.  
622 Third Avenue  
35<sup>th</sup> Floor  
New York, NY 10017  
Attention: Steven A. Flyer  
Facsimile: (212) 885-4350

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York, NY 10036  
Attention: Eileen T. Nugent, Esq.  
Thomas W. Greenberg, Esq.  
Facsimile: (212) 735-2000

If to the Company, to:

Chicken Acquisition Corp.  
c/o Trimaran Fund Management, L.L.C.  
622 Third Avenue  
35<sup>th</sup> Floor  
New York, NY 10017  
Attention: Steven A. Flyer  
Facsimile: (212) 885-4350

or to such other address as the Person to whom notice is given may have previously furnished to the others in writing in the manner set forth above (provided that notice of any change of address shall be effective only upon receipt thereof).

9. Assignment. No party hereto may assign any obligations hereunder to any other party without the prior written consent of the other party (which consent shall not be unreasonably withheld); provided that the Advisor may, without the consent of the Company, assign its rights under this Agreement to any of its Affiliates.



10. No Waiver. The failure of a party to this Agreement to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing.

11. Successors. This Agreement and all the obligations and benefits hereunder shall inure to the successors and permitted assigns of the parties.

12. Counterparts. This Agreement may be executed and delivered by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same agreement.

13. Entire Agreement; Amendments; Modification; Governing Law. The terms and conditions hereof constitute the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersede all previous communications, either oral or written, representations or warranties of any kind whatsoever, except as expressly set forth herein. No amendments or modifications of this Agreement nor waiver of the terms or conditions thereof shall be binding upon any party hereto unless approved in writing by an authorized representative of such party. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict or choice of law (other than Section 5-1401 of the New York General Obligations Law).

**[remainder of page intentionally left blank]**

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by one of their respective officers duly authorized and to be dated as of the day and year first above written.

TRIMARAN FUND MANAGEMENT, L.L.C.

By: /s/ Steven A. Flyer

Name: Steven A. Flyer

Title: President

CHICKEN ACQUISITION CORP.

By: /s/ Steven A. Flyer

Name: Steven A. Flyer

Title: President

*[Signature page Monitoring and Management Services Agreement]*

**AMENDMENT NO. 1  
TO  
MONITORING AND MANAGEMENT SERVICES AGREEMENT**

This AMENDMENT NO. 1 (this "Amendment") to the Monitoring and Management Services Agreement, dated as of November 18, 2005, by and between Chicken Acquisition Corp., a Delaware corporation (the "Company") and Trimaran Fund Management, L.L.C., a Delaware limited liability company ("Trimaran") (the "Monitoring Agreement") is entered into as of this 26th day of December, 2007 by and among the Company, Trimaran and Freeman Spogli & Co. V, L.P. ("FS"), a Delaware limited partnership. Capitalized terms used herein and not otherwise defined in this Amendment shall have the meanings ascribed to such term in the Monitoring Agreement.

**RECITALS**

WHEREAS, Section 13 of the Monitoring Agreement provides that the Agreement may be amended or modified with the approval of Trimaran and the Company, respectively; and

WHEREAS, in connection with the closing under the Unit Purchase Agreement (the "Unit Purchase Agreement") entered into on the date hereof by and among the Company, FS Equity Partners V, L.P., FS Affiliates V, L.P. and Peter Starrett, Trimaran Pollo Partners L.L.C. and the other signatories thereto, FS and the Company desire to amend the Monitoring Agreement as set forth in this Amendment.

NOW THEREFORE, in consideration of the foregoing recitals, mutual agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the other signatories hereto, intending to be legally bound hereby, agree as follows:

**1. Amendments.**

**1.1. Preamble and Recitals.**

1.1.1. The Preamble shall be amended to read in its entirety as follows:

This Monitoring and Management Services Agreement (this "Agreement") is made as of December 26, 2007, by and between Chicken Acquisition Corp., a Delaware corporation (the "Company"), Trimaran Fund Management, L.L.C., a Delaware limited liability company ("Trimaran" or the "Original Advisor") and Freeman Spogli & Co. V, L.P., a Delaware limited partnership ("FS" and FS, together with Trimaran, each an "Advisor" and together the "Advisors").

1.1.2. The Recitals to the Agreement shall be amended as follows:

Each instance of the term "Advisor" in the recitals to the Agreement shall be amended to read "Original Advisor."

Each instance of the term "Advisor" in the body of the Agreement shall be amended to read "Advisors," with such corresponding and confirming changes as may be necessary.

1.2. Term.

1.2.1. Section 1 of the Monitoring Agreement shall be amended to read in its entirety as follows:

Term. This Agreement shall commence on the Closing Date, with respect to Trimaran, and on the date hereof, with respect to FS, and shall terminate as to each Advisor on the date which such Advisor elects, in its sole and absolute discretion, to terminate this Agreement by providing written notice of such election to the Company (such period, the "Term", and the date upon which the Term ends with respect to each advisor, a "Termination Date").

1.3. Monitoring and Management Services Fee.

1.3.1. Section 3(a) of the Monitoring Agreement shall be amended to read in its entirety as follows:

In consideration of the Advisors' undertaking to provide monitoring and management services hereunder, the Company shall pay (i) Trimaran (or its designees) an annual Monitoring Fee (the "Trimaran Monitoring Fee") in an aggregate amount for each fiscal year equal to \$357,000, and (ii) FS (or its designees) an annual Monitoring Fee (the "FS Monitoring Fee" and together with the Trimaran Monitoring Fee, the "Monitoring Fee") in an aggregate amount for each fiscal year equal to \$143,000. The Monitoring Fee shall be payable quarterly in advance (as more fully described in Section 3(c) below) commencing on December 31, 2007 and ending on the Termination Date. The Monitoring Fees shall be payable by the Company whether or not the Company actually requests that the Advisor provide the services described in Section 2 above. The Monitoring Fees shall be fully earned when due and payable.

1.3.2. Section 3(b) of the Monitoring Agreement shall be amended to read in its entirety as follows:

[Reserved.]

1.3.3. Section 3(c) of the Monitoring Agreement shall be amended to read in its entirety as follows:

Except as otherwise provided in this Section 3(c) hereof, all subsequent payments of the Monitoring Fee shall be in quarterly installments, payable on the first business day of each applicable fiscal quarter, in an amount equal to \$89,250 per quarter, in the case

of the Trimaran Monitoring Fee, and \$35,750 per quarter, in the case of the FS Monitoring Fee; provided, if this Agreement terminates on a date other than the last day of a fiscal quarter, the final payment of the Monitoring Fee will be prorated based on the actual number of days from and including the date of termination and the Advisors shall promptly return any excess amount to the Company.

1.4. Transaction Fees.

1.4.1. Section 4 of the Monitoring Agreement shall be amended to read in its entirety as follows:

(a) [Reserved.]

(b) During the Term, the Company shall provide Trimaran a right of first offer to serve as financial advisor in connection with any initial public offering, merger, sale of the stock or substantially all the assets, recapitalization, reorganization or similar transaction of the Company or its any of its subsidiaries. If Trimaran agrees to serve as financial advisor with respect to any such transaction, Trimaran (or its designees) and FS (or its designees) shall be entitled to receive (i) an aggregate fee in connection with each such transaction (or series of concurrent transactions) equal to 2% of the gross transaction value of such transaction (or series of concurrent transactions), which fee shall be shared between Trimaran and FS so that FS will receive a fee equal to 28.57% of the total fee and (ii) an amount equal to the reasonable out-of-pocket expenses of Trimaran and FS in connection with such transaction (or series of concurrent transactions).

(c) If this Agreement is terminated in connection with the consummation of an initial public offering of the Company or any of its subsidiaries, Trimaran shall be entitled to an additional, one-time fee equal to \$1,786,000 and FS shall be entitled to an additional, one-time fee equal to \$714,000.

1.5. Notices.

1.5.1. Section 8 of the Monitoring Agreement shall be amended to insert the following address for Freeman Spogli:

If to FS, to:

c/o Freeman Spogli & Co. V, L.P.  
11100 Santa Monica Boulevard  
Suite 1900  
Los Angeles, CA 90025  
Tel: 310-444-1822  
Fax: 310-444-1870  
Attention: John M. Roth

With copies to:

Bingham McCutchen LLP  
355 South Grand Avenue, Suite 4400  
Los Angeles, CA 90071-3106  
Telephone: (213) 680-6400  
Telecopier: (213) 680-6499  
Attention: Richard J. Welch, Esq.

1.5.2. Section 8 with respect to notices sent to the Company shall be amended to read in its entirety as follows:

Chicken Acquisition Corp.  
c/o Trimaran Fund Management, L.L.C.  
1325 Avenue of the Americas, 34<sup>th</sup> Floor  
New York, New York 10019  
Attn: Alberto Robaina  
Telephone: (212) 616-3750  
Fax: (212) 616-3704

1.6. Entire Agreement; Amendments; Modification; Governing Law.

1.6.1. Section 13 of the Monitoring Agreement shall be amended to read in its entirety as follows:

The terms and conditions hereof constitute the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersede all previous communications, either oral or written, representations or warranties of any kind whatsoever, except as expressly set forth herein. No amendments or modifications of this Agreement nor waiver of the terms or conditions thereof shall be binding upon any party hereto unless approved in writing by an authorized representative of such party. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware.

2. **Reference to and Effect upon the Agreement.** Except as specifically set forth above, the Agreement shall remain in full force and effect and is hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not constitute an amendment of any provision of the Agreement, except as specifically set forth herein.

3. **Headings.** The section headings contained in this Amendment are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Amendment.

4. **Counterparts; Effectiveness.** This Amendment may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

[ Execution Page Follows ]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment as of the date first written above.

CHICKEN ACQUISITION CORP.

By: /s/ Andrew R. Heyer

Name: Andrew R. Heyer

Title: Managing Director

TRIMARAN FUND MANAGEMENT, L.L.C.

By: /s/ Andrew R. Heyer

Name: Andrew R. Heyer

Title: Managing Director

[ *Amendment No. 1 to Managing and Monitoring Agreement* ]

FREEMAN SPOGLI & CO. V, L.P.  
By: Freeman Spogli & Co. V, LLC,  
its General Partner

By: /s/ John M. Roth  
\_\_\_\_\_  
Name: John M. Roth  
Title: Managing Member

[ Amendment No. 1 to Managing and Monitoring Agreement ]



FRANCHISE AGREEMENT



EL POLLO LOCO® FRANCHISE AGREEMENT

Dated:

Location:

---

Franchisee:

---

Franchisee Notice Address:

---

Franchisee Notice Facsimile Number:

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Disclosure Document Control No. 040114

Exhibit D of Multi-State Disclosure Document Control No. 040114 - Franchise Agreement

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**EL POLLO LOCO®  
FRANCHISE AGREEMENT**

This Franchise Agreement (“**Agreement**”), dated for identification purposes only as of \_\_\_\_\_, 20\_\_, is made and entered into by and between **EL POLLO LOCO, INC.**, a Delaware corporation (the “**Franchisor**”), and (“**Franchisee**”).

A. Franchisor operates and franchises others to operate a number of retail outlets for the sale of fire-grilled food items and related products, in connection with the “El Pollo Loco” name and Franchisor’s distinctive plan of food service operation.

B. Franchisee desires to operate a restaurant under Franchisor’s name and to utilize Franchisor’s plan of food service operation, all in accordance with the terms, covenants and conditions of this Agreement.

C. Franchisee understands that the success of the business contemplated by this Agreement is subject to substantial risks and depends in large part on the business ability of Franchisee and its active participation in the development and management of the franchise business.

D. Franchisor and Franchisee (as Developer) entered into a Development Agreement dated \_\_\_\_\_ (“**Development Agreement**”) for the Territory as set forth on Exhibit A to be developed per the Development Schedule as set forth on Exhibit B on the Development Agreement.

**1. SCOPE AND PURPOSE OF AGREEMENT**

1.1 Franchisee desires and agrees to operate and manage an “**El Pollo Loco**” (or “**EPL**”) restaurant to be located at \_\_\_\_\_ City of \_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_ (the “**Location**”). Franchisor owns certain proprietary and other property rights and interests in and to the “El Pollo Loco” trademark and service mark, and such other trademarks, service marks, logo types, insignias, trade dress designs and commercial symbols as Franchisor may from time to time authorize or direct Franchisee to use in connection with the operation of a “El Pollo Loco” Restaurant (the “**El Pollo Loco® Marks**”). Franchisor has a distinctive plan for the operation of retail outlets for the sale of fire-grilled food items and related products, which plan includes but is not limited to the El Pollo Loco® Marks and the Operations Manual (the “**Manual**”), policies, standards, procedures, recipes, employee uniforms, signs (including menu boards) and related items, and the reputation and goodwill of Franchisor’s chain of restaurants (collectively, the “**El Pollo Loco® System**”). Therefore, in entering into this Agreement, Franchisee fully understands and agrees that this Agreement is conditioned upon the continued strict adherence by Franchisee to, and Franchisee agrees to comply with, all standards, policies, procedures and requirements published or which may from time to time be published or otherwise brought to Franchisee’s attention by Franchisor for the operation, maintenance or improvement of “El Pollo Loco” restaurants under the El Pollo Loco® System and the El

Pollo Loco® Marks. Franchisee understands and agrees that strict adherence to these standards, policies, procedures and requirements is essential to the value of the El Pollo Loco® System and the El Pollo Loco® Marks.

1.2 Franchisee represents that it is experienced in and has independent knowledge of the nature and specifics of the restaurant business. Franchisee understands that there is not, nor can there be, any assurance or guaranty of success in the franchise business and that Franchisee's business ability and attitude are primary in determining Franchisee's success. Franchisee represents that, in entering into this Agreement, it has relied solely on its personal knowledge and understanding and has not relied on any representation of Franchisor or any of its officers, directors, employees or agents, except those representations contained in any legally required Franchise Disclosure Document delivered to Franchisee.

1.3 In consideration of the foregoing representations and agreements of Franchisee and other consideration as set forth herein, and subject to all of the terms, covenants and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts from Franchisor, the right and license to operate the one "El Pollo Loco" restaurant under the El Pollo Loco® Marks and in accordance with the El Pollo Loco® System (the "**Restaurant**") at the Location. Franchisee acknowledges that the franchise granted hereunder is only for the Location, and, as more fully provided for at Section 23.13, Franchisee is not granted any area, market or protected territorial rights. Franchisee expressly acknowledges and agrees that Franchisor and its affiliates have and expressly reserve the right to (a) operate and license others to operate El Pollo Loco® restaurants at any location, regardless of its proximity to the Location; and (b) merchandise and distribute goods and services identified by the El Pollo Loco® Marks at any location, regardless of its proximity to the Location through any method or channel of distribution, including, without limitation, at retail locations such as grocery or convenience stores and via the Internet, telemarketing, and direct marketing means.

1.4 It is expressly understood and agreed by the parties that Franchisee is and shall be an independent contractor, that Franchisee is not for any purpose an employee or agent of Franchisor, and that all of the personnel employed by Franchisee at the Restaurant will be employees or agents of Franchisee as an independent contractor and will not be employees or agents of Franchisor. Franchisee understands and agrees that, as an independent contractor, it does not have the authority to do anything for or on behalf of Franchisor including, but not limited to, holding itself out as Franchisor; signing contracts, notes or other instruments; purchasing, acquiring or disposing of any property; or incurring any other obligation or liability. It is further understood and agreed by the parties hereto that no fiduciary relationship is intended or created by this Agreement.

## 2. THE EL POLLO LOCO® MARKS & SYSTEM

2.1 Upon the terms, covenants and conditions contained herein and during the term hereof, Franchisee shall have the right to display and use the El Pollo Loco® Marks, but only for use in connection with retail sales and service of certain food products which Franchisee is required to prepare and sell to the general public in and at the Restaurant.

2.2 Nothing contained herein shall be construed as authorizing or permitting Franchisee to use the El Pollo Loco® Marks or the El Pollo Loco® System at any location other than the Location or for any purpose or in any manner other than that authorized herein; or in connection with the sale of any products for resale, or any products not required or approved by Franchisor, or any products prepared at any place other than at the Location; provided, however, that catering and special event sales may be undertaken by Franchisee in strict adherence with the limitations and procedures set forth in the Manual. Notwithstanding anything to the contrary contained herein, Franchisor may require Franchisee to discontinue the preparation, offer or sale of any product or item which, in the opinion of Franchisor or any of its representatives, does not conform to the quality standards or image of Franchisor and its products.

2.3 Nothing contained herein shall give Franchisee any right, title or interest in or to any of the El Pollo Loco® Marks excepting only the privilege and license, during the term hereof, to display and use the same according to the foregoing limitations. Any and all goodwill arising in connection with Franchisee's use of the El Pollo Loco® Marks and the El Pollo Loco® System shall belong to Franchisor.

2.4 The business franchised hereunder shall be named "El Pollo Loco" without any suffix or prefix attached thereto. Franchisee shall use signs (including menu boards) ("**Signs**") and other advertising which denote that the Restaurant is named "El Pollo Loco" and which are approved by Franchisor in advance. If Franchisee is transferred to an Entity (as defined below), the name of such corporation shall not contain any of the El Pollo Loco® Marks.

2.5 Except as Franchisor may otherwise permit in writing, Franchisee shall not display or use the trademark, trade name, service mark, logo types, label, design or other identifying symbol or name of any other person, or Entity in, on or at the Restaurant or the Location.

2.6 In all public records, in Franchisee's relationship with other persons or companies, and in any offering document, prospectus or similar document, Franchisee shall indicate clearly that Franchisee's business is independently owned and that the operations of said business are separate and distinct from the operation of Franchisor's business. Franchisee shall display at the Restaurant, in such locations as may be specified by Franchisor and in all correspondence and forms, a notification that the Restaurant is operated by an independent operator and not by Franchisor.

2.7 Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or in part, the El Pollo Loco® Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish from time to time.

2.8 Franchisor is the owner of, and will retain all right, title and interest in and to the domain names “elpollo loco” and “crazychicken;” the URLs and/or websites: [www.elpollo loco.com](http://www.elpollo loco.com), [www.elpollo loco.net](http://www.elpollo loco.net), [www.elpollo loco.org](http://www.elpollo loco.org), [www.elpollo locofranchising.com](http://www.elpollo locofranchising.com), [www.myepl.net](http://www.myepl.net), [www.crazychicken.com](http://www.crazychicken.com), [www.epllogo.com](http://www.epllogo.com), [www.eplmarketing.com](http://www.eplmarketing.com), [www.elpollo locoflavor.com](http://www.elpollo locoflavor.com), [www.eplportal.com](http://www.eplportal.com), [www.eplfranchisee.com](http://www.eplfranchisee.com), and [www.orderelpollo loco.com](http://www.orderelpollo loco.com); all existing and future domain names, URLs, websites, future addresses and subaddresses using the El Pollo Loco® Marks in any manner; all software; all content prepared for, or used on, the above Websites; and all intellectual property rights in and to any of them.

2.9 Franchisor reserves all rights to use the El Pollo Loco® Marks in any manner.

### 3. TERM

3.1 The term of this Agreement shall commence on the date Franchisee first opens the Restaurant to the public (the “**Opening Date**”) and shall end on the date which is the 20<sup>th</sup> anniversary of the Opening Date, unless sooner terminated as provided herein (“**Initial Term**”). Should Franchisee lease the site of the Restaurant, the lease or sublease must be for a term which with renewal options is not less than the Initial Term of the Franchise Agreement, and contain the provisions required in Section 2.10 of the Development Agreement. Should Franchisee be unable to lease the site of the Restaurant for a term equal to the Initial Term, then in our sole discretion, the Initial Term of the Franchise Agreement may be reduced to match the term of the lease or sublease and the initial franchise fee will be appropriately pro-rated. Promptly following the Opening Date, the parties shall execute a Memorandum of Opening Date attached as **Exhibit 2** which shall confirm the Opening Date; provided, however, if the parties fail to execute such Memorandum of Opening Date, the Opening Date shall be as determined in good faith by Franchisor. Upon the expiration or earlier termination of this Agreement, Franchisee shall have no right or option to extend the term of this Agreement. The sole conditions under which Franchisee will have the opportunity to obtain a successor Franchise Agreement upon the expiration of the term of this Agreement are set forth at Section 20.

### 4. SITE DEVELOPMENT

4.1 After execution of this Agreement, Franchisee will be required to achieve certain milestones to assure the timely development of the Restaurant:

- a) Within six (6) months following the date of Franchisor’s execution of this Agreement, Franchisee must have completed all of the site development work (including, but not limited to, engineering, architectural/design, entitlements, and permitting) and commence construction of the Restaurant.
- b) Within twelve (12) months following the date of Franchisor’s execution of this Agreement, or the date specified in the Development Agreement, if earlier, Franchisee must have completed construction of the Restaurant at the Location and the Restaurant shall be open to the public.

Exhibit D of Multi-State Disclosure Document Control No. 040114 - Franchise Agreement

4.2 Franchisee understands and acknowledges that in accepting Franchisee's Location, or by granting a franchise for a Location (whether or not formerly operated as a Franchisor or franchisee-owned Restaurant), Franchisor does not in any way endorse, warrant or guarantee either directly or indirectly the suitability of such Location or the success of the franchise business to be operated by Franchisee at such Location. The suitability of the Location and the success of the franchise business depends upon a number of factors outside of Franchisor's control including, but not limited to, Franchisee's operational abilities, site location, consumer trends and such other factors that are within the direct control of Franchisee. Franchisor may require, as a condition to its approval of a site, a "**Market Study**", which shall include a site description and analysis, traffic and other demographic information and an analysis of the impact of the proposed site on other franchise restaurants surrounding or within the vicinity of such proposed site all in such format as the Franchisor may require. All such analyses, information and studies shall be prepared at the sole cost and expense of Franchisee.

4.3 If Franchisee purchases a currently operating Restaurant from Franchisor (a "**Turnkey Restaurant**"), then Franchisee shall begin operation of the Restaurant on the date possession of the Restaurant is transferred to Franchisee pursuant to the agreement entered into between Franchisee and Franchisor for the purchase of the Restaurant. Failure to do so shall constitute a material default hereunder. With respect to non-Turnkey Restaurants, failure to reach each milestone described in Sections 4.1 above within the specified time frames shall constitute a material default hereunder. Prior to opening the Restaurant, Franchisee shall obtain and thereafter maintain throughout the term of this Agreement all necessary business licenses, permits and other documentation necessary for the operation of an El Pollo Loco® restaurant.

4.4 Franchisor shall retain the right, without the need to comply with the Procedures for Resolving Disputes Relating to the Development of New Restaurants (attached and incorporated herein as Exhibit 1) to:

- a) Open and operate El Pollo Loco® non-traditional restaurants or franchise others to open and operate El Pollo Loco® non-traditional restaurants, at all universities, colleges, airports, hospitals, municipal facilities, public transportation facilities, shopping malls (not including out parcels), stadiums, amusement parks, drug stores, supermarkets, department stores, truck stops, hotel or motel chains, stadiums and similar locations of a "non-standard" nature, regardless of location within Franchisee's Notification Radius as defined under the Procedures for Resolving Disputes Relating to the Development of New Restaurants;
- b) Operate or franchise others to operate an El Pollo Loco restaurant located within or outside of Franchisee's Notification Radius which have been acquired by El Pollo Loco either as of or after the date of this Agreement;
- c) Sell the same or similar products (whether or not using the Marks) to customers at retail locations, through internet, telemarketing or direct marketing means, whether within or outside of Franchisee's Notification Radius. Franchisor also reserves the right to operate and franchise other restaurants having the same or similar menu items, whether within or outside of Franchisee's Notification Radius; and

d) Upon sixty (60) days written notice to Franchisee, complete an acquisition of ten (10) or more real estate locations (some or all of which may contain existing restaurants) in a single transaction ("**Acquisition Locations**"), some or all of which are located within the Franchisee's Notification Radius, including restaurants operating under another trade name. Notwithstanding the foregoing, Franchisor shall grant Franchisee a fifteen (15) day right of first refusal to acquire Franchisor's rights in the Acquisition Locations in the Notification Radius at the same purchase price paid by Franchisor for each location (and for each restaurant if the locations contain existing restaurants), including reasonable closing costs. If Franchisee submits written notice of its intent to exercise the right of first refusal within the fifteen (15) days, it shall complete the transaction for the Acquisition Locations within sixty (60) days from the date of its notice and retain its exclusive rights to Franchisee's Notification Radius. If Franchisee either fails to submit the written notice within the specified time period or submits the notice timely but fails to complete the transaction for the Acquisition Locations with the specified time period, Franchisee shall have waived any right it might have had to challenge the acquisition of the Acquisition Locations.

## 5. IMPROVEMENTS, FIXTURES AND EQUIPMENT

5.1 If the Location is other than a Turnkey Restaurant, then this Section 5 will apply to the building, reconstruction, remodeling, or other changes necessary to conform the Location to the requirements set forth in this Section or as provided and updated by Franchisor from time to time in accordance with this Section.

5.2 Franchisee, at its sole expense, shall construct or, in the case of an existing building, remodel the Location and install such Signs, fixtures, furniture and equipment at the Location as are required in accordance with Franchisor's current requirements and specifications for same. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations. Franchisee shall obtain from applicable governmental authorities all permits, licenses and certifications required for lawful construction or remodeling work and for the operation of the Restaurant. If requested by Franchisor, Franchisee shall submit to Franchisor a copy of all such required permits, licenses and certifications for the construction or remodeling work prior to commencing the construction or remodeling of the Location.

5.3 Franchisor shall provide Franchisee with standard plans and a sample layout for a typical El Pollo Loco® restaurant and a set of typical construction, equipment and decor specifications (the "**Plans**"). At all times, Franchisee shall use its best efforts to treat and keep the Plans and the information contained therein as confidential as possible and limit access to the Plans to employees and independent contractors of Franchisee on a need to know basis only (including preferred development professionals). Franchisee acknowledges that the unauthorized use or disclosure of



Franchisor's Plans and the confidential information contained therein will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Franchisee accordingly covenants that without Franchisor's prior written consent, Franchisee shall not disclose (except to such employees, agents, contractors or subcontractors as must have access to such Plans in order to construct the Restaurant at the Location) or use or permit the use of such Plans (except as may be required by applicable law or authorized by this Agreement), or copy, duplicate, record or otherwise reproduce such Plans, in whole or in part, or otherwise make the same available to any person or source not authorized in writing by Franchisor to receive such Plans or the information contained therein at any time during the term of this Agreement or thereafter.

5.4 Franchisee, at its sole expense, shall employ licensed architects, designers, engineers, development consultants or others as may be necessary to complete, substitute, adapt or modify the Plans for the Restaurant so as to create a set of final plans and specifications. Creating a set of final plans and specifications may include, but is not limited to, adapting plans for structural engineering, architectural requirements, interior and exterior materials, locally available building materials, local weather requirements and federal, state and local code requirements. In some cases, these can lead to substantial changes and costs in the provided plans. FRANCHISEE SHALL SUBMIT TO FRANCHISOR A COMPLETE SET OF FINAL PLANS AND SPECIFICATIONS, INCLUDING A SITE PLAN, AND OBTAIN FRANCHISOR'S WRITTEN APPROVAL OF SUCH PLANS AND SPECIFICATIONS PRIOR TO COMMENCING THE CONSTRUCTION OF THE RESTAURANT OR, IN THE CASE OF AN EXISTING BUILDING, THE REMODELING WORK FOR THE RESTAURANT. Franchisor shall review such final plans and specifications promptly and approve or disapprove the same, and Franchisor may provide comments on the plans and specifications to Franchisee. Such review and approval by Franchisor will be limited to items and issues relating to the El Pollo Loco® System only and is not intended to be a verification or approval of the structure of the building, mechanical systems or document accuracy. Examples of conceptual areas related to the El Pollo Loco® System include Signs, logos, finishes, decor and aesthetics, guest comfort, and ability to serve food within Franchisor's standards for quality, timeliness and cleanliness.

5.5 Franchisee shall use a qualified licensed general contractor to perform the construction or remodeling work at the Restaurant. Franchisees general contractor shall provide a schedule to Franchisor before the start of construction. Franchisor shall not be responsible for delays in the construction, equipping or decoration of the Restaurant or for any loss resulting from the Restaurant design or construction. All changes in the Restaurant plans relating to the El Pollo Loco® System, as described in Section 5.4 above, to the construction or remodeling of the Restaurant or the implementation of such changes are subject to Franchisor's prior written approval. FRANCHISEE SHALL PROVIDE WRITTEN NOTICE TO FRANCHISOR OF THE DATE UPON WHICH CONSTRUCTION OF THE RESTAURANT COMMENCED WITHIN SEVEN (7) DAYS AFTER COMMENCEMENT AND THEREAFTER SHALL PROVIDE TO FRANCHISOR MONTHLY PROGRESS REPORTS OF THE STATUS OF THE CONSTRUCTION WORK SIGNED BY FRANCHISEE'S ARCHITECT OR GENERAL CONTRACTOR. Franchisee's failure to commence the design, construction or remodeling, equipping and opening of the Restaurant promptly and with due

diligence shall be grounds for the termination of this Agreement. Franchisor shall make a final inspection of the completed Restaurant and Location and may require such corrections and modifications as it deems necessary to bring the Restaurant and the Location into compliance with approved final plans and specifications. FRANCHISEE SHALL NOTIFY FRANCHISOR OF THE DATE OF COMPLETION OF CONSTRUCTION AND, WITHIN A REASONABLE TIME THEREAFTER, FRANCHISOR SHALL CONDUCT THE FINAL INSPECTION OF THE RESTAURANT AND ITS PREMISES. Franchisee acknowledges and agrees that Franchisee shall not open the Restaurant for business without the express written authorization of Franchisor and that Franchisor's authorization to open shall be conditioned upon Franchisee's furnishing to Franchisor:

- a. A letter from the general contractor responsible for the construction or remodeling of the Restaurant indicating that the Restaurant has been constructed or remodeled in substantial conformance with the approved final plans and specifications, including any changes thereto approved by Franchisor, and in accordance with all applicable state and local governmental laws, statutes and ordinances regulating such construction including, without limitation, building, fire, health and safety codes; and
- b. A temporary or final Certificate of Occupancy issued by the applicable local governmental entity.

5.6 Franchisee shall, at its sole expense, purchase all required Signs, fixtures, furniture and equipment for the Restaurant and Location from a distributor listed on the Approved Brands and Distributors List (as defined below) or another distributor approved pursuant to Section 11.4. The items purchased shall be installed in strict accordance with the specifications of Franchisor and erected and displayed in the manner and at such locations as are approved and authorized by Franchisor in writing. Franchisee shall maintain and display Signs which reflect the current image of El Pollo Loco® restaurants and shall not place additional Signs at the Restaurant without the prior written consent of Franchisor. Franchisee shall discontinue the use of and remove, or modify, as applicable, such Signs that are declared obsolete by Franchisor within thirty (30) days after Franchisee's receipt of Franchisor's written request, subject to reasonable extension if Franchisee is unable after using reasonable diligence to obtain required governmental approvals for modification of such Signs. Proper signage is fundamental to the El Pollo Loco® System and Franchisee hereby grants to Franchisor the right to enter the Location, including the Restaurant and any nearby areas where Signs are displayed, in order to remove and de-identify any unapproved or obsolete Signs in the event Franchisee has failed to do so within the above-specified time frame.

5.7 Franchisee is solely responsible for the acts or omissions of its contractors regarding compliance with all of the provisions of this Section 5, and Franchisor shall have no responsibility for such acts or omissions. Franchisor shall not be liable for any loss or damage arising from the design or plan of the Restaurant by reason of its approval of plans and specifications, or otherwise. Franchisee shall indemnify Franchisor for any loss, cost or expense, including attorneys' fees, that may be sustained by Franchisor because of the acts or omissions of Franchisee's contractors or

arising out of the design, construction or remodeling of the Restaurant, except to the extent that any such loss, cost or expense arises as a result of the grossly negligent acts or omissions of Franchisor, its employees and/or agents.

5.8 Franchisee shall give to Franchisor at least thirty (30) days prior written notice of the anticipated Opening Date. Franchisee shall not open the Restaurant to the public until it has received written approval from Franchisor to open. If Franchisee did not deliver to Franchisor a final Certificate of Occupancy prior to the Opening Date, Franchisee shall deliver to Franchisor a copy of an unconditional final Certificate of Occupancy issued by the applicable local governmental entity no later than ninety (90) days following the Opening Date.

## 6. FEES, TAXES AND OTHER CHARGES

6.1 Franchisee shall pay to Franchisor during the term of this Agreement the following:

- a. An initial franchise fee of Forty Thousand Dollars (\$40,000.00), in full within 30 days of delivery of execution copies of this Agreement to Franchisee; provided, however, if the Restaurant is a Turnkey Restaurant the initial franchise fee shall be payable upon execution of this Agreement. In our discretion, you may be offered an Initial Term of less than 20 years and as such, the initial franchise fee will be appropriately pro-rated. All such payments shall be made by cashier's check or other form of payment acceptable to Franchisor. Franchisee hereby acknowledges and agrees that the grant of this franchise constitutes the sole and only consideration for the payment of the initial franchise fee and the initial franchise fee shall be fully earned by Franchisor upon execution of this Agreement. In that regard, upon the payment of any portion of the initial franchise fee, the entire initial franchise fee shall be deemed fully earned and non-refundable in consideration of the administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise to others.
- b. A monthly royalty fee equal to five percent (5%) of Franchisee's immediately prior month's Gross Sales (as defined in Section 7.1).
- c. A monthly advertising fee, which shall be used in accordance with Section 8, for advertising, public relations and promotion and for the creation and development of advertising, public relations and promotional campaigns ("**Advertising Fee**"), in the amount of: (i) five percent (5%) of Franchisee's immediately prior month's Gross Sales, as defined in Section 7.1 if the Restaurant is located outside of the Los Angeles ("**LA**") Designated Market Area ("**DMA**") or (ii) four percent (4%) of Franchisee's immediately prior month's Gross Sales, as defined in Section 7.1 if the Restaurant is located within the Los Angeles DMA. If the Restaurant is located within the LA DMA, the Advertising Fee may be increased, in our sole discretion, to not more than a half percent ( 1/2%) above your original Advertising Fee during the Initial Term of your

Franchise Agreement and upon 90 days written notice to you. Some existing franchisees may pay lower Advertising Fees. Restaurants owned and operated by us will contribute on at least the same basis as those existing franchisees within the same DMA. Franchisor also reserves the right to increase the Advertising Fee in the future by a voting mechanism. Except as otherwise provided in existing franchise agreements, each operating restaurant (both company-owned and franchised restaurants) located in the geographical area that would be affected by such an increase in the Advertising Fee shall be entitled to one vote. Franchisor must gain an approval vote of fifty-one percent (51%) of all such operating restaurants within the applicable geographical area. The minimum geographical area that would be affected by such an increase would be no smaller than a local DMA, although, multiple local DMAs may be involved.

d. The amount of all sales taxes, use taxes and similar taxes imposed upon or required to be collected or paid by Franchisor on account of goods or services furnished to Franchisee by Franchisor, whether such goods or services are furnished by sale, lease or otherwise. Franchisee shall reimburse Franchisor for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee.

e. Monthly POP Fees for in-restaurant and drive-thru point-of-purchase materials.

f. Monthly Gift Card Discount Fees associated with the sale of gift cards (charged to the restaurant that redeemed the gift cards and earned the sales revenue)

g. Franchisee's pro-rata share of costs for the Customer Feedback Program(s).

h. Re-inspection fee of \$250 per re-inspection of Franchisee's Restaurant, (required if a deficiency or unsatisfactory condition is noted and a subsequent inspection is necessary to determine if the deficiency or unsatisfactory condition has been cured).

i. A surcharge of eighteen cents (\$0.18) for each case of chicken and twenty-nine cents (\$0.29) for each case of pinto beans ordered by franchise and company operators as contributions to the obsolete inventory fund used to pay for pertinent, unsold inventory of qualified suppliers at the conclusion of limited time promotions. We periodically review the added cost per case and in our sole discretion, determine whether to increase or decrease the cost per case.

6.2 Franchisee shall pay interest to Franchisor on any amounts which may become due to Franchisor from Franchisee, if such are not paid when due, at the rate of fifteen percent (15%) per annum (pro-rated) or the maximum interest rate permitted by law, whichever is less.

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## 7. FINANCIAL REPORTING, BILLING AND PAYMENT

7.1 The term “**Gross Sales**” as used in this Agreement shall mean the total revenues derived by Franchisee in and from the Restaurant from all sales of food, goods, wares, merchandise and all services, rights, and anything else of value, made in, upon, or from the Restaurant, whether for cash, check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including, without limitation, all revenues derived from delivery, catering, and special event sales, such sales and services where the orders therefor originate at and are accepted by Franchisee into the Restaurant but delivery or performance thereof is made from or at any other place, or other similar orders are received or billed at or from the Restaurant, and any sums or receipts derived from the sale of meals to employees of the Restaurant. Gross Sales shall not include rebates or refunds to customers; or the amount of any sales taxes or other similar taxes that Franchisee collects from customers and that are actually paid to any federal, state or local taxing authority.

7.2 Franchisee shall deliver to Franchisor on or before the sixth (6th) calendar day after each close of the sales month, a monthly Gross Sales statement (“**Monthly T-Sheet**”), in the form specified by Franchisor, setting forth the amount of Gross Sales for the preceding month and a calculation of the monthly fees payable on such sales. Monthly fees, such as Royalty Fees and Advertising Fees, in addition to other fees such as POP Fees, Gift Card Discount Fees, Customer Feedback Costs and Re-Inspection Fees (hereinafter collectively will be referred to as “**Fees**”) shall be due and payable on the tenth (10<sup>th</sup>) day after the close of the sales month, which closing shall be designated by El Pollo Loco® in its sole discretion upon ten (10) days advance written notice to Franchisee (“**Sales Month Closing**”). Franchisee shall make all payments due hereunder by pre-arranged draft or sweep of Franchisee’s business bank operating account (“**ACH**”). Franchisee will give Franchisor authorization in the format set forth in **Exhibit 5** attached hereto for direct debits from Franchisee’s business bank operating account (the “**Operating Account**”). Franchisor may choose, in its sole discretion, to accept other forms of payment including check, cashier’s check and Electronic Funds Transfer (“**EFT**”). Franchisee will contribute to the Obsolete Fund as described above. Contributions are payable to the vendor at the time of inventory purchase.

If Franchisee is delinquent in any payment of such Fees, or if Franchisee has not submitted the Monthly T-Sheet for more than a two-month period when due, Franchisor may, in its sole discretion initiate an ACH or/and EFT transfer from the Operating Account an estimated amount of Fees due Franchisor for such period which shall be based on the average of the immediately preceding three (3) months’ Gross Sales. If, at any time, Franchisor determines that Franchisee has under-reported the monthly Gross Sales of the Restaurant, or underpaid the monthly royalty, advertising Fees, DMA Advertising Fee, or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may, in addition to exercising all other rights and remedies available to it under this Agreement, initiate an immediate transfer from the Operating Account in the amount equal to the unpaid Fees in accordance with the foregoing procedure, including interest as provided in Section 6.2 above. Any overpayment of Fees will be credited to the Operating Account effective as of the first Due Date after Franchisor and Franchisee determine that such credit is due.

In connection with payment of the monthly Fees by ACH or EFT, Franchisee shall: (1) comply with procedures specified by Franchisor relating to ACH or EFT transfers; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by ACH or EFT as described in this Section 7.2; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Operating Account for payments of the monthly royalty and advertising Fees, or other amounts due to Franchisor under this Agreement, or any other agreement, including any interest charges; and (4) make sufficient funds available in the Operating Account for withdrawal by ACH or EFT of Fees due no later than each Due Date.

7.3 In addition to the sales data required to be provided in the Monthly T-Sheet to be delivered pursuant to Section 7.2, Franchisee shall deliver (in the manner prescribed by Franchisor) to Franchisor on or before the tenth (10<sup>th</sup>) day after the end of each sales month during the term of this Agreement any other sales and menu mix data reasonably requested by Franchisor with respect to the preceding sales month, whether specified in the Manual or otherwise.

7.4 Thirty (30) days after the end of each calendar quarter and one hundred twenty (120) days after the end of each calendar year during the term of this Agreement, Franchisee shall provide to Franchisor a financial statement of the franchise business which shall include such information and data as specified in the financial reporting format set forth in **Exhibit 7** attached hereto or in such other format reasonably approved by Franchisor. Such fiscal year-end financial statements must be signed by Franchisee, Franchisee's treasurer or Franchisee's chief financial officer and contain a representation that the financial statements present fairly the financial position of Franchisee and the results of operations of the franchise business during the period covered.

7.5 Franchisee shall make all payments when due to third parties for obligations arising out of or in any way connected with the existence, operation or maintenance of the Restaurant, including, but not limited to, rental and mortgage payments and payments for utilities, services, products, equipment, supplies, goods, inventory, materials, taxes, labor and other matters. In the event that Franchisee fails to make any such payment in accordance with the foregoing and the nonpayment results or may reasonably result in a condition or event which threatens public safety or health or which may materially and adversely affect the ownership, condition or operation of the Restaurant, in either case in the reasonable judgment of Franchisor, Franchisor shall have the right, after five (5) days written notice to Franchisee, but not the obligation, to make such payment on behalf of Franchisee. Such payment shall be without prejudice and in addition to all other available rights and remedies. Any payment made by Franchisor pursuant to this Section 7.5 shall be paid by Franchisee to Franchisor as an additional amount for the monthly billing period in which such payment is made by Franchisor.

7.6 Franchisee shall maintain accurate and complete books and records pertaining to the operation and maintenance of the Restaurant as required by the standards, policies and procedures established by Franchisor in accordance with the Manual. Franchisee shall be solely responsible for performing all record keeping duties, and the cost for all such services shall be borne solely by Franchisee.

7.7 Franchisee shall obtain, install, and use the computer system that Franchisor requires or approves in writing. The term “**Computer System**” means communications, computer systems, and hardware to be used by the Restaurant, including (a) back office and point of sale systems, (b) cash register systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (for example, Franchisee’s telecommunications connection). In connection with the Computer System:

a. Franchisee must obtain, install, and use the computer software programs required by Franchisor (the “**Required Software**”) from time to time. Franchisee must utilize any proprietary software program that Franchisor may develop internally or with the assistance of outside suppliers or consultants or that Franchisor may license for use by the El Pollo Loco® System.

b. Franchisor may modify specifications for and components of the Computer System and Required Software. The Computer System and Required Software must be purchased or leased from Franchisor or from suppliers approved by Franchisor, and must be installed by Franchisor or by suppliers approved by Franchisor at Franchisee’s expense. (Franchisor may be the only approved supplier of the Computer System and Required Software.) All Computer System components must be installed in accordance with Franchisor’s standards and procedures. Franchisor’s modification of specifications for the Computer System and Required Software may require Franchisee, at Franchisee’s expense, to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities. Franchisee will not be required to replace the Computer System more than once every four (4) years during the term of this Agreement. Franchisee shall be required to enter into an El Pollo Loco® IT Support Services Agreement (a “**Support Agreement**”) in connection with the operation of the Computer System. The Support Agreement is attached to this Agreement as **Exhibit 8**.

c. The Computer System is for use by Franchisee only in connection with operational and management tasks of the Restaurant. Franchisee may not use the Computer System for email, word processing, spreadsheets, web surfing, or any other personal application or purpose not approved in writing by Franchisor (“**Personal Applications**”). However, Franchisee may run such Personal Applications on a separate personal computer and network provided by Franchisee, but the personal computer and network must run in “stand alone, isolated mode” and Franchisee must not interconnect such computer(s) with the Computer System. Franchisor reserves the right require Franchisee to shut down Personal Applications interfaces if Franchisor determines that such interfaces interfere with the Computer System operations, or the operation of the Restaurant.

d. Franchisor shall have the right from time to time, and at any time, to retrieve data and information from Franchisee’s Computer System, by modem or

other means, and use it for any reasonable business purpose both during and after the term of this Agreement. Franchisor may, from time to time, specify in the Manual or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained.

7.8 All of the accounts, books, records and federal, state and local tax returns and reports of Franchisee, so far as they pertain to the business transacted under this Agreement, shall be open to inspection, examination and audit by Franchisor and its authorized representatives at any and all times, and copies thereof may be made by Franchisor and retained for its own use. All of such records shall be maintained and retained by Franchisee for seven (7) years, and following the termination or expiration of this Agreement, the books and records for the preceding seven (7) years shall be maintained and retained by Franchisee for five (5) years. Franchisor may inspect, examine audit and copy any and all books and records of the Franchisee's business. Any such inspection, examination and audit shall be at Franchisee's cost and expense as a result of Franchisee's failure to prepare and deliver its transmittal reports to Franchisor as required herein, or to maintain books and records as hereinabove provided, or unless any such transmittal report is determined to be in error to an extent of two percent (2%) or more for the period audited. Any such cost and expense shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee.

7.9 Franchisee shall sell or otherwise issue the stored value cards or gift cards and certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Restaurant or purchased at any other location including without limitation, retail stores, internet sales or other means of distribution. Franchisee shall sell, issue, and redeem (without any offset against any royalty fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manual or otherwise in writing (the "**Gift Card Program**"), including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Restaurants and for making timely payment to Franchisor, other operators of Restaurants, or a third-party service provider for Gift Cards issued from the Restaurant that are honored by Franchisee, Franchisor or other Restaurant operators. Franchisee acknowledges and agrees that, in connection with the Gift Card Program, Franchisee may be required to:

- a. Enter into a separate agreement with a third party provider of Gift Card services under the terms and conditions as may reasonably be required by such third party for participation in the Gift Card Program;
- b. Purchase and maintain a sufficient number of Gift Cards, in a form approved by Franchisor, as may reasonably be required for participation in the Gift Card Program;



- c. Purchase or upgrade, as applicable, such hardware, software and equipment as shall be necessary to participate in the Gift Card Program;
- d. Promote and sell the Gift Cards in Franchisee's Restaurants using only marketing methods and materials approved by Franchisor;
- e. Comply in all material respects with all applicable laws, statutes and regulations in performing Franchisee's obligations under this Agreement and otherwise in connection with Franchisee's participation in the Gift Card Program; and
- f. Execute such forms or documents or take such other actions reasonably necessary or requested by Franchisor to effectuate Franchisee's participation in the Gift Card Program.

Franchisee acknowledges and agrees that Franchisor reserves the right to discontinue or modify the Gift Card Program at any time, in its sole discretion. Upon receipt of written notice from Franchisor of its intent to discontinue or modify the Gift Card Program, Franchisee shall, as applicable, immediately cease offering and accepting Gift Cards and/or make such modifications as Franchisor shall require.

7.10 Franchisee acknowledges and agrees that it is in the best interest of the business conducted at the Restaurant and the System as a whole, to participate in the Payment Card Industry ("PCI") Data Security Standard ("DSS") Program offered through a third party vendor. This is a set of security requirements that uses current technology and physical security best practices to protect credit cardholder data. The size of Franchisee's business and the number of transactions processed by Franchisee will determine Franchisee's specific requirements for achieving PCI compliance. Included with Micros is a PCI Program from an approved third party vendor. The maximum monthly fee for this program is detailed in the El Pollo Loco® IT Support Services Agreement, attached and incorporated herein as Exhibit 8. However, if remediation is required, the approved third party vendor will work directly with Franchisee to resolve any outstanding issues and Franchisee may have to pay additional fees. Franchisee further promises that the results of the PCI review of Franchisee's operations, in so far as they pertain to the business transacted under this Agreement, shall be open to inspection, examination and audit by Franchisor and its authorized representatives at any and all times, and copies thereof may be made by Franchisor and retained for its own use. All of such records shall be maintained and retained by Franchisee as required by the PCI DSS. Franchisee understands and agrees that Franchisee is solely responsible for meeting the requirements for the PCI DSS Program. Failure to do so shall be considered grounds for termination of this Agreement as provided in Section 18 hereof.

## 8. ADVERTISING AND MARKETING

8.1 Recognizing the value of marketing and advertising to the goodwill and public image of the El Pollo Loco® System, Franchisor administers funds for advertising, public

relations, marketing research and promotion into which franchisees contribute an “**Advertising Fee**”. El Pollo Loco® restaurants owned and operated by Franchisor contribute on the same basis as franchisees within the same DMA.

8.2 The entire Advertising Fee will be deposited into the Advertising Fund to be allocated in Franchisor’s sole discretion.

8.3 Franchisor shall have sole discretion over the expenditures, investments and all aspects of activities funded by the Advertising Fund, including media plans and buying, creative concepts, materials, endorsements and agency relationships. The Advertising Fund may be used to pay for production costs for materials and programs Franchisor chooses, including advertising agency fees, market research, concept development, design development (store prototypes and advertising), product research and development, video, audio, electronic, written advertising materials, media and public relations programs. The Advertising Fund will be accounted for separately from Franchisor’s other funds. Although it has been Franchisor’s practice to spend all advertising funds in the fiscal year in which they are collected, Franchisor reserves the right to spend such advertising funds in the next fiscal year to the extent Franchisor deems appropriate. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions made by El Pollo Loco® restaurants to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or from other lenders to cover deficits in the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. Upon request, but not more frequently than annually, Franchisor will provide Franchisee with a written description of the expenditures made by the Advertising Fund during the fiscal year immediately preceding the request of the advertising fees received from franchisees. The statement of expenditures is not required to be audited.

8.4 If Franchisee is located outside the Los Angeles DMA, at Franchisor’s discretion, a portion of Franchisee’s Advertising Fee may be allocated to a Local Advertising Fund (“**LAF**”) pertaining to the Restaurant. Franchisee will be required to pay the Advertising Fee to Franchisor at the same time as Franchisee’s royalty payments pursuant to the Direct Debit Agreement (**Exhibit 5** to the Franchise Agreement). Franchisee must use current approved vendors for Franchisee’s advertising order, and Franchisor will pay the approved vendor directly upon approval of the order and confirmation of receipt of the order with Franchisee. The LAF monies will also be used to reimburse Franchisee for the cost of implementing local marketing plans developed by Franchisee and approved by Franchisor (up to an amount not to exceed the LAF contributions collected). The LAF monies will be used to reimburse Franchisee for the cost of implementing local marketing plans developed by Franchisee and approved by Franchisor in writing. For these purposes, qualifying LAF expenditures include, but are not limited to: (a) amounts contributed to Advertising Associations (defined below); and (b) amounts spent for advertising media, such as television, radio, newspaper, billboards, posters, direct mail, collateral and promotional items, advertising on vehicles (excluding the cost of any vehicle), and, if not provided by Franchisor, the cost of producing approved materials necessary to participate in such media. Non-qualifying LAF expenditures include amounts spent for items which Franchisor, in its reasonable judgment, deems inappropriate for meeting the minimum advertising requirement, including, but not limited to: permanent on-premises Signs and menu boards, transportation vehicles,

marketing personnel salaries, public relations or advertising agency retainer, highway signs or any other signage for directional purposes only, store labor costs associated with the execution of any marketing program, lighting, administrative costs, Yellow Pages advertising, discounts/coupons offers, free offers, employee incentive programs, and any unapproved marketing or advertising materials.

8.5 Franchisee shall not engage in any advertising activities without Franchisor's prior written consent. Should Franchisee submit advertising that is not approved by Franchisor, Franchisee will be required to revise and resubmit such advertising again for written approval, *prior* to use of such advertising. Franchisee shall submit to Franchisor for Franchisor's prior approval, at least thirty (30) days prior to the beginning of each fiscal year, a marketing plan for Franchisee's DMA. This marketing plan may be submitted by all franchisees in Franchisee's DMA through an area advertising association. If Franchisee is using materials not prepared by Franchisor and which vary from Franchisor's standard advertising and promotional materials, such materials must be submitted to Franchisor for approval no less than forty-five (45) days prior to the beginning of such promotion or program. Franchisor will review any materials submitted for Franchisor's approval within ten (10) business days of receipt of such materials. Franchisee shall not use any advertising or promotional materials that Franchisor has disapproved, or that Franchisor has not approved.

8.6 Franchisor shall have the right to establish local and/or regional advertising associations ("**Advertising Associations**") for El Pollo Loco® restaurants in Franchisee's local or regional area, covering the geographic areas Franchisor may designate from time to time. Franchisor has the right to form, change, dissolve or merge the Advertising Associations. If Franchisor has established an Advertising Association in Franchisee's DMA, Franchisee must participate in the Advertising Association and its programs and abide by its by-laws. Each El Pollo Loco® restaurant located within the area governed by the Advertising Association will have one (1) vote. Franchisee must contribute the amounts to the Advertising Association(s) as determined by the Advertising Association members from time to time in accordance with their bylaws. Any El Pollo Loco® Restaurant owned by Franchisor in Franchisee's DMA or regional market area(s) will contribute to the Advertising Association on the same basis as Franchisee contributes for its Restaurant. Contributions to the local and regional Advertising Associations are credited toward the LAF advertising expenditures required pursuant to Section 8.4 above; however, if Franchisor provides Franchisee and Franchisee's Advertising Association ninety (90) days' notice of a special promotion, including, but not limited to, any regional promotions, Franchisee must participate in the promotion and also pay Franchisor any special promotion advertising fees assessed in connection with the program, beginning on the effective date of the notice and continuing until the special promotion is concluded. Any special promotion advertising fees will be in addition to, and not credited towards, the LAF advertising expenditure required pursuant to Section 8.4 above. The Advertising Association Membership Agreement is attached to this Agreement as **Exhibit 6**. Franchisor may administer the Advertising Associations and collect Franchisee's Advertising Association contributions by automatic electronic withdrawal.

8.7 Franchisor shall be under no obligation to use the Advertising Fund to advertise equally for all markets or for all DMAs. All advertising fee contributions from

Franchisor-operated restaurants shall be deposited in the Advertising Fund. Franchisor shall be under no obligation to determine the incremental cost of franchise sales advertising and investor relations sections of any internet web sites established by Franchisor and funded in whole or in part by the Advertising Fund.

8.8 In addition to Advertising Fees payable pursuant to Section 6.1 of this Agreement, Franchisee shall expend \$5,000.00 per Restaurant to conduct grand opening advertising and local store marketing and promotion programs for Franchisee's Restaurant, utilizing advertising and promotional materials approved by Franchisor. Such grand opening advertising shall be conducted in accordance with Franchisor's specifications and standards and in accordance with a grand opening plan (which will cover advertising and promotion for the 15 days prior to the Opening Date and 45 days following the Opening Date) which Franchisee prepares and submits to Franchisor for approval at least 30 days prior to the anticipated Opening Date. Franchisee shall submit to Franchisor not later than 15 days following the conclusion of such grand opening promotion, written receipts and other evidence reasonably satisfactory to Franchisor evidencing all amounts spent by Franchisee to conduct the grand opening promotion.

## 9. INSURANCE AND INDEMNIFICATION

9.1 Throughout the term hereof, Franchisee shall obtain and maintain insurance coverage with insurance carriers acceptable to Franchisor in accordance with Franchisor's current insurance requirements as modified from time to time. The coverage shall commence when the Location is secured by Franchisee by executed deed or lease and shall comply with the requirements of Franchisee's lease, if any, for products liability and broad form contractual liability coverage in the amount of at least two million dollars (\$2,000,000.00) combined single limit and not less than \$1,000,000.00 per occurrence. Franchisee shall also carry fire and extended coverage insurance with a maximum deductible of \$10,000.00 and with endorsements for vandalism and malicious mischief, covering the building, structures, equipment, improvements and the contents thereof in and at the Restaurant, on a full replacement cost basis, insuring against all risks of direct physical loss (except for unusual perils such as nuclear attack, earth movement and war), and business interruption insurance in actual loss sustained form covering the rental of the Location, previous profit margins, maintenance of competent personnel and other fixed expenses. Franchisee shall also carry such worker's compensation insurance as may be required by applicable law. In connection with and prior to commencing any construction, reimage or remodeling of the Restaurant, Franchisee shall maintain Builder's All Risks Insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, acceptable to Franchisor. As proof of such insurance, a certificate of insurance shall be submitted by Franchisee for Franchisor's approval prior to Franchisee's commencement of any activities or services to be performed under this Agreement. Franchisee shall deliver a complete copy of Franchisee's then-prevailing policies of insurance to Franchisor within thirty (30) days following the delivery of the certificate of insurance.

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9.2 Franchisor shall be named as an additional insured on all of such policies referenced in Section 9.1 above to the extent of its interests and shall be provided by Franchisee with certificates of insurance evidencing such coverage prior to the Opening Date and promptly following the date any policy of insurance is renewed, modified or replaced during the term of this Agreement. All coverages shall be placed with an insurer with a rating of A or better from Moody's or S&P or a rating of A-VIII or better from Best's. All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to it, its affiliates, officers, agents and employees by reason of the negligence of Franchisor, Franchisee, or their respective principals, contractors, agents or employees. All policies shall extend to and provide indemnity for all obligations assumed by Franchisee hereunder and all other items for which Franchisee is required to indemnify Franchisor under the provisions of this Agreement, whether or not the liability arose from the negligence of Franchisor, its principals, contractors, agents or employees, and shall provide Franchisor with at least thirty (30) days prior written notice of cancellation, termination or material reduction of coverage. Franchisor reserves the right to specify reasonable changes (which may include increases) in the types and amounts of insurance coverage required by this Section 9. Should Franchisee fail or refuse to procure the required insurance coverage from an insurance carrier acceptable to Franchisor or to maintain it throughout the term of this Agreement, Franchisor may in its discretion, but without any obligation to do so, obtain such coverage for Franchisee, in which event Franchisee shall pay on demand the required premiums or reimburse Franchisor therefore. The amount of such premiums shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee pursuant to Section 23.3 of this Agreement. Failure to maintain the required insurance or to promptly reimburse Franchisor for any premiums paid on behalf of Franchisee by Franchisor shall constitute a default hereunder.

9.3 Franchisee shall defend immediately upon tender of defense, at its own cost, Franchisor, its subsidiaries, parent and affiliates, shareholders, directors, officers, employees and agents (collectively referred to, for this Sections 9.3 and 9.4 only, as "**Franchisor**"), from and against any and all claims, lawsuits, complaints, cross complaints, arbitrations, demands, allegations, costs embraced by indemnity, loss, costs, expenses (including attorneys' fees), liens and damages (collectively referred to, for Sections 9.3 and 9.4 only, as "**Losses**"), however caused, and reimburse Franchisor for all costs and expenses (including attorneys' fees) incurred by Franchisor in defense of any Losses, resulting directly or indirectly from or pertaining to or arising out of, or alleged to arise out of, or in connection with the use, operation, maintenance, condition, construction, equipment, decorating, signage, sidewalks, exterior, interior, parking lot, food preparation, sales and service of Franchisee's restaurant, including any labor, any employee related claims whatsoever, including, without limitation any claims made by an employee of Franchisee resulting from the employee's training in a Franchisor operated facility or restaurant, and including Franchisee's failure for any reason to fully inform any third party of Franchisee's lack of authority to bind Franchisor for any purpose. Such Losses shall include, without limitation, those arising from latent or other defects in the restaurant whether or not discoverable by Franchisor, and those arising from the death of or injury to any person or arising from damage to the property of

Franchisee or Franchisor, or any third person, firm or corporation, whether or not resulting from any strict liability imposed by fact, law, statute, or ordinance, on Franchisor. Franchisee further agrees that Franchisee's duty to defend Franchisor is separate from, independent of and free-standing of Franchisee's duty to indemnify Franchisor and applies whether the issue of Franchisee's negligence, breach of contract, or other fault or obligation has been determined. Franchisee's duty to defend is regardless of the outcome of liability even if Franchisee is ultimately found not negligent and not dependent on the ultimate resolution of issues arising out of any claims, lawsuits, complaints, cross complaints, arbitration, demands, allegations, costs embraced by indemnity, loss, costs, expenses (including attorneys' fees), liens or damages.

9.4 Franchisee shall indemnify and hold harmless Franchisor from and against any and all Losses, however caused, resulting directly or indirectly from or pertaining to or arising out of or in connection with the use, operation, maintenance, condition, construction, equipment, decorating, signage, sidewalks, exterior, interior, parking lot, food preparation, sales and service of Franchisee's restaurant, including any labor, any employee related claims whatsoever, including, without limitation any claims made by an employee of Franchisee resulting from the employee's training in a Franchisor operated facility or restaurant, and including Franchisee's failure for any reason to fully inform any third party of Franchisee's lack of authority to bind Franchisor for any purpose. Such Losses shall include, without limitation, those arising from latent or other defects in the restaurant whether or not discoverable by Franchisor, and those arising from the death of or injury to any person or arising from damage to the property of Franchisee or Franchisor, or any third person, firm or corporation, whether or not resulting from any strict liability imposed by fact, law, statute, or ordinance, on Franchisor. Franchisee further shall indemnify and hold harmless Franchisor from all said Losses and shall pay for and be responsible for all said Losses, however caused, whether by any individual, employee, third person or party, vendor, visitor, invitee, trespasser or any firm or corporation whatsoever, whether caused by or contributed to by Franchisor, the combined conduct of Franchisee and Franchisor, or active or passive negligence of Franchisor, but for the sole negligence or willful misconduct of Franchisor.

#### **10. VENDING MACHINES**

Franchisee shall not install a video game machine, juke box, cigarette machine, public telephone or other type of vending machine or device, whether or not coin operated in the Restaurant, or on its premises, without prior written approval of Franchisor, which approval will be granted or denied in Franchisor's sole discretion. The revenues received by Franchisee from any approved machines shall be included in Franchisee's Gross Sales.

#### **11. COMPLIANCE WITH MANUAL AND WITH SYSTEM STANDARDS**

11.1 Franchisee acknowledges and agrees that strict and continued adherence by Franchisee to Franchisor's standards, policies, procedures and requirements, as set

forth in this Section 11, is required and that failure on the part of Franchisee to so perform will be grounds for termination of this Agreement as provided in Section 18 hereof. Franchisee acknowledges that changes, modifications, deletions and additions to the standards, specifications, procedures and menu items comprising the El Pollo Loco® System may be necessary and desirable from time to time. Franchisor may make such modifications, revisions, deletions and additions, including without limitation modifications, revisions, deletions and additions to the Manual and to the menu items required to be offered by Franchisee, which Franchisor, in good faith and exercising its judgment believes to be desirable. Franchisee agrees to comply with any such modification, revision, deletion or addition as of the date that such modification, revision, deletion or addition becomes effective. Franchisee acknowledges that it shall receive one (1) copy of the Manual for the Restaurant on loan from Franchisor and that the Manual shall at all times remain the sole property of Franchisor. Franchisee understands that Franchisor has entered into this Agreement in reliance upon Franchisee's representation that it will strictly comply with all the provisions of the Manual. For purposes of this Agreement, the Manual shall be deemed to include all written directions delivered to Franchisee by Franchisor from time to time setting forth standards, specifications and procedures for the operation of Franchisee's El Pollo Loco® restaurant.

11.2 Franchisee acknowledges and agrees that it is in the best interest of the business conducted at the Restaurant to prepare and serve food in the Restaurant only from ingredients which meet the product specifications as communicated by Franchisor to Franchisee from time to time (the "**Specifications**"), and Franchisee further promises that all products, equipment, goods, inventory and supplies used in connection with the Restaurant will comply with the Specifications. Furthermore, Franchisee shall not offer or sell any product, service or other item at the Restaurant except those prior approved in writing by Franchisor.

- a. All menu items shall be made in strict compliance with Franchisor's written recipes and requirements, which Franchisor may change from time to time by amendments to the Manual.
- b. Franchisee acknowledges and agrees that all proprietary El Pollo Loco® marinades, marinade mixes and marinated ingredients used in the preparation of the required and approved El Pollo Loco® food products are unique. Their formulae and the process of their manufacture constitute trade secrets. Franchisee shall purchase such marinades, marinade mixes and marinated ingredients exclusively from Franchisor or, in Franchisor's sole discretion, from Franchisor's designated distributor. The right to purchase and use such marinades, marinade mixes and marinated ingredients is licensed to Franchisee pursuant to this Agreement, and such right is restricted to use in the franchise business at the Restaurant and solely for the term of this Agreement.

11.3 Throughout the term of this Agreement, Franchisee shall be actively engaged in the management and day-to-day operation of the Restaurant. Franchisee may appoint an Operations Director to supervise all franchise activities. If Franchisee appoints an Operations Director, such appointment is subject to Franchisor's prior written approval and the Operations Director must satisfactorily complete the EPL management training

program and have received the ServSafe® certification; and Franchisee must complete either the EPL management training program or the Executive Franchisee Training Program. The Operations Director shall be actively engaged in the management and day to day operations of the restaurant and devote full time and best efforts to the supervision of EPL Restaurant(s) owned by Franchisee. If at any time, for any reason, the Operations Director ceases to perform those duties on behalf of the Restaurant(s), Franchisee shall appoint a new Operations Director within 30 days subject to Franchisor's prior written approval, and the newly appointed Operations Director must satisfactorily complete the EPL management training program within 90 days of appointment and have received the ServSafe® certification at Franchisee's expense; or, Franchisee shall assume the duties of the Operations Director and complete the EPL management training program within 120 days (if not previously completed). Franchisee must also comply with any applicable transfer provisions of this Agreement if the change in Franchisee's Operations Director results in a change in the equity ownership of the Restaurant.

11.4 Franchisee acknowledges that it has received a copy of Franchisor's list of approved brands and distributors (the "**Approved Brands and Distributors List**"). Franchisor has consulted with the distributors set forth on such list and each distributor has agreed to offer products, services, equipment, goods, inventory, supplies or paper products which will comply with Franchisor's Specifications. Such Approved Brands and Distributors List is furnished to Franchisee and Franchisee must purchase only those products, equipment, goods, inventory, supplies and paper products that comply with the Specifications and only those brands, and only from those distributors, that are on the Approved Brands and Distributors List. If Franchisee desires to purchase any brands and/or products from any distributor not named on the Approved Brands and Distributors List (or any brand and/or product not on the Approved Brands and Distributors List from a distributor on that list), Franchisee shall first submit to Franchisor a written request for approval of any such brand, product and/or distributor whichever is applicable, prior to Franchisee's purchase of such product from such distributor. Franchisor shall have the right to require that its representatives be permitted to inspect the distributor's facilities and that samples from the distributor be delivered either to Franchisor or to an independent laboratory designated by Franchisor for testing. Upon completion of Franchisor's inspection or evaluation of the proposed distributor (including samples provided by such distributor), and upon submission of any additional information or data required by Franchisor, Franchisor shall promptly approve or reject such proposed distributor or services and goods. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved distributor or of any distributor on Franchisor's Approved Brands and Distributors List and to revoke its approval upon the distributor's failure to continue to meet any of Franchisor's then-current Specifications and criteria. Nothing in the foregoing shall require Franchisor to approve any distributor. Franchisor agrees to evaluate any item which Franchisee is considering procuring to determine whether such item complies with the Specifications. No charge shall be made by Franchisor for the services of Franchisor's employees in connection with such evaluation; however, Franchisee shall

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reimburse Franchisor for its reasonable cost and expenses in connection with such evaluation, including any amounts paid to independent laboratories or consultants chosen by Franchisor in its sole discretion to assist in such evaluation. All such amounts shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee pursuant to Section 23.3 of this Agreement. The Approved Brands and Distributors List and any guide containing such list are proprietary information of El Pollo Loco® and must be kept strictly confidential by Franchisee. Franchisee shall not copy, distribute, release or otherwise provide any third party with all or any part of the information contained in the Approved Brands and Distributors List or guide without first obtaining the prior written approval of Franchisor, which approval may be withheld in Franchisor's sole discretion. (Notwithstanding anything in this Agreement to the contrary, Franchisor may designate itself the only approved distributor of some or all of the brands and/or products. Franchisor's proprietary products must be purchased from Franchisor or its designated distributor pursuant to Section 11.2(b)).

11.5 As uniformity of appearance and public recognition are important to the financial success of Franchisee and Franchisor hereunder, Franchisee shall:

- a. Use only uniforms, Signs, cards, posters, notices, displays, decorations, table tents and other such advertising materials which are identical in appearance and quality to those furnished or approved by Franchisor. Franchisor may make available its menu-stock (pre-printed as to all matters other than menu prices), including specials and featured items, to Franchisee for printing in the event that Franchisee elects to charge prices not provided for in Franchisor's menu codes. Notwithstanding anything in this Agreement to the contrary, Franchisor reserves the right, to the fullest extent allowed by applicable law, to: establish maximum, minimum or other pricing requirements with respect to the prices Franchisee may charge; recommend retail prices; advertise specific retail prices for some or all products sold by Franchisee, which prices Franchisee will be compelled to observe; engage in marketing, promotional and related campaigns, which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices; and otherwise mandate, directly or indirectly, the prices which Franchisee may charge.) Franchisee agrees that all specials or featured items designated by Franchisor shall be included as part of the menu and shall be made available on the days and times designated by Franchisor; and
- b. Not authorize or permit in the Restaurant, or on behalf of the Restaurant, any advertising, Signs, cards, posters, notices, displays, decorations or table tents other than those described in Section 11.5.a, nor authorize or permit in or around the Restaurant any products or services which are not authorized by Franchisor, without the prior written consent of Franchisor.
- c. Not, without Franchisor's Marketing Department's prior written consent, offer or conduct any delivery or off-premises catering services at or from the Restaurant. Franchisee shall immediately cease offering and conducting delivery and catering services if at any time Franchisor discontinues or revokes its approval of Franchisee's right to offer or conduct such service(s). Franchisee must receive written approval from Franchisor's Marketing Department to employ delivery companies such as, but not limited to, Restaurants on the Run or LA Bite. Notwithstanding the foregoing, under the System, Franchisor may from time to time develop a centralized Catering Call Center, (ii) an on-line delivery or

catering or local restaurant pick-up programs, and (iii) a Loyalty Program that would operate with Micros (collectively referred to as “**Programs**”). Franchisee shall be required to participate, offer and conduct such Programs.

Franchisor shall have the right to remove any unauthorized material at Franchisee’s expense.

## 12. RESTAURANT MAINTENANCE AND REPAIR

12.1 Maintenance and repair of the Restaurant are the sole responsibility and shall be done at the expense of Franchisee. For the term of this Agreement, Franchisee, at its sole cost and expense, shall maintain the Restaurant and the Location, including, but not limited to, the Restaurant building, the Location and parking lot, equipment, decor, furnishings, fixtures, wares, utensils, supplies, and inventory, in good working order and condition and in compliance with all laws. Franchisee shall make all repairs within a reasonable time period not to exceed thirty (30) days of the date such repairs are identified as needed to bring the Restaurant into a first-class condition. Franchisee shall replace any of the Restaurant’s equipment, furnishings and fixtures and repaint the Restaurant as necessary to satisfy this Section 12. Without limiting the generality of the foregoing, upon notice from Franchisor of any change required or recommended by applicable law, rule or regulation, or if Franchisor discovers any circumstance which is or may result in a danger to public health, Franchisee shall promptly, remove, repair, replace or modify any equipment or fixtures used in the Restaurant necessary to satisfy or rectify the same. All replacement equipment, furnishings and fixtures shall comply with Franchisor’s then-current requirements and specifications.

12.2 Franchisee shall not make any addition to or change in the physical appearance, decor, characteristics or style of the Restaurant without the prior written consent of Franchisor which consent may be withheld or granted within Franchisor’s sole discretion.

12.3 During the term of this Agreement, Franchisor may require Franchisee, at Franchisee’s expense, to remodel the Restaurant to then current El Pollo Loco® standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor; provided, however, Franchisee shall not be required to undertake such remodeling more than once every seven (7) years during the term of this Agreement, except if such remodeling is required in connection with a transfer of the Restaurant under Section 17.4(c) of this Agreement or granting of a successor franchise under Section 20 below.

12.4 All Signs to be used in connection with the Restaurant, both exterior and interior, must conform to Franchisor’s Sign criteria as to type, color, design and location and be approved in writing by Franchisor prior to installation or display. Franchisee shall change its Signs to conform with updated or revised requirements of Franchisor when Franchisor commits to implementing such revisions at twenty-five percent (25%) of the Franchisor’s then-operated El Pollo Loco® restaurants and at such times as Franchisee is required to perform remodeling work pursuant to Section 12.3.

12.5 Franchisee shall at all times operate its Restaurant as a clean, safe, sanitary, orderly, legal and respectable place of business in accordance with the Manual, the lease or sublease, if any, for the Location and all applicable federal, state or local laws, rules, or regulations. Franchisee shall not cause or allow any part of its Location to be used for any immoral or illegal purpose.

### 13. HOURS OF OPERATION

13.1 Franchisee shall keep the Restaurant fully operational and open to the public upon such days and during such minimum number of hours as Franchisor shall prescribe from time to time in the Manual. Franchisee shall supply to Franchisor prior to the commencement of the construction or remodeling work of the Restaurant proof that the Restaurant is allowed to be open to the public during such required hours and days by the applicable local governmental authorities and by the landlord under the lease for the Location. In the event that the Restaurant is closed for reasons beyond Franchisee's control, Franchisee will immediately notify Franchisor by the fastest means available of the closing.

### 14. PERSONNEL STANDARDS

14.1 Franchisee shall hire, train and supervise Restaurant employees in accordance with the applicable provisions of the Manual. Franchisee shall do everything necessary to ensure that all employees are, at all times during employment in the Restaurant, neat, clean and adequately trained and supervised in connection with the performance of their duties.

14.2 Franchisee acknowledges that adequate training and supervision are necessary in order to ensure that the Restaurant personnel provide service to the public in a courteous, efficient and skilled manner and in accordance with the standards set forth in the Manual. Franchisee understands and agrees that Franchisee is solely responsible for the performance of its Operations Manager and all other of its employees and that the acts and omissions of such employees which are inconsistent with the provisions of this Agreement shall be considered grounds for termination of this Agreement as provided in Section 18 hereof.

14.3 Franchisee shall maintain wages, hours, working conditions and other benefits for all of its employees in accordance with all federal, state and local laws and regulations.

14.4 Franchisee shall maintain all employee time, payroll and tax records and to file required reports thereon in accordance with all federal, state and local laws and regulations.

14.5 It is mutually understood and agreed by the parties that Franchisee retains the responsibility and independent authority, notwithstanding any provision of this

Agreement, to maintain and enforce personnel policies and procedures, including, but not limited to, hiring, firing and disciplining its employees. Nothing contained in this Agreement shall be construed or interpreted so that any employee of Franchisee becomes or is deemed to be an employee or agent of Franchisor. Franchisee shall be solely responsible for the maintenance and handling of all employee matters and Franchisee shall indemnify and hold Franchisor and its affiliates and subsidiaries harmless from any claims, losses, or liabilities resulting from any failure by Franchisee to act in such a manner.

## 15. INSPECTIONS

15.1 Franchisor and its authorized representatives shall have the right to inspect the Restaurant and the supplies and inventory of Franchisee. Franchisor's personnel and representatives shall have the right to enter the Restaurant at any reasonable time, and from time to time, with or without notice, for the purposes of examination, conferences with Franchisee and personnel of Franchisee, observation and evaluation of the operations being conducted at the Restaurant, and for all other purposes in connection with a determination that the Restaurant is being operated in accordance with the terms of this Agreement, the Specifications and Manual and other applicable laws and regulations.

15.2 Franchisor may conduct quality control and evaluation programs, as Franchisor shall determine (including a "mystery shopper" program or "accuracy guarantee" program or other similar programs). Franchisee shall allow and participate in such program(s), as required by Franchisor. Franchisor shall have the right to require Franchisee to pay its pro-rata share of the costs incurred in establishing and maintaining such program(s) and Franchisee shall promptly pay such charges. Franchisee acknowledges that Franchisor shall have the right, in any manner Franchisor may deem appropriate, to publish or disclose to other franchisees under the El Pollo Loco® System, or to third parties outside the El Pollo Loco® System on an anonymous basis, any information that is collected, produced or maintained under any program(s) implemented pursuant to this Section 15.2.

15.3 In connection with inspections conducted pursuant to Sections 15.1 and 15.2 above, Franchisor and its authorized representatives may deliver to Franchisee an inspection report in such form(s) as may be adopted by Franchisor from time to time (the "**Inspection Report(s)**"). The Inspection Report(s) shall indicate the principal items inspected, observed and evaluated.

15.4 In the event that any such Inspection Report indicates a deficiency or unsatisfactory condition with respect to any item listed thereon, Franchisee shall promptly commence to correct or repair such deficiency or unsatisfactory condition and thereafter diligently pursue the same to completion. In the event of a failure by Franchisee to comply with the foregoing obligation to correct or repair, Franchisor, in addition to all other available rights and remedies, including the right to terminate this Agreement pursuant to Section 18 below, shall have the right, but not the obligation, to forthwith make or cause to be made such correction or repair, and the expenses

thereof, including, without limitation, meals, lodging, wages and transportation for Franchisor's personnel, if so utilized in Franchisor's sole discretion, shall be promptly reimbursed by Franchisee. Should any deficiency or unsatisfactory condition be reported more than once within any thirty (30) day period, Franchisor shall have the right, in addition to all other available rights and remedies, to place a Franchisor representative in charge of the Restaurant for a period of up to thirty (30) days in each such instance, and the wages and expenses of meals, lodging and transportation of said representative, which shall be commensurate with that provided for managers of other Franchisor-owned El Pollo Loco® restaurants, shall promptly be reimbursed by Franchisee. All such expenses incurred by Franchisor pursuant to this Section shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee upon demand.

15.5 Notwithstanding 15.4 above, should the Inspection Report indicate a deficiency or unsatisfactory condition with respect to any item listed thereon, and Franchisor or Franchisor's agent are required to return to the Restaurant to re-inspect the Restaurant, Franchisor may charge Franchisee \$250.00 for each subsequent visit to Franchisee's restaurant after the initial inspection. Franchisee will give Franchisor authorization to pay the \$250.00 per inspection visit charge as a direct debit from Franchisee's Operating Account.

## 16. TRAINING

16.1 Franchisee acknowledges and agrees that it is important to the operation of the Restaurant that Franchisee and its employees receive such training as Franchisor may require from time to time. Therefore:

a. The Restaurant must be managed by not less than four (4) individuals who have successfully completed the EPL management training program or the EPL Shift Leader training program, and who have received the ServSafe® certification and who will assume responsibility for the day to day management of the operations of the Restaurant, including the preparation of food products, accounting, and the supervision and training of personnel ("**Managers**") The Managers may consist of a combination of the following: a General Manager, Manager or Assistant Manager, each who has successfully completed the EPL management training program or a Shift Leader who has successfully completed the EPL Shift Leader training program. The Managers may be required to sign a confidentiality agreement in a form approved by Franchisor. Each and every shift during operating hours must have a Manager in charge that is certified and trained in Franchisor's initial training program and is ServSafe® certified.

If at any time, for any reason, the General Manager ceases to perform those duties on behalf of the Restaurant, Franchisee must promptly designate a substitute General Manager who does meet the above-stated qualifications.

b. If this is Franchisee's first EPL Restaurant, Franchisee must also attend and satisfactorily complete the EPL management training program provided by Franchisor. If Franchisee appoints an Operations Director to oversee franchise activities, this Operations Director is subject to Franchisor's prior written approval and must satisfactorily complete the EPL management training program and Franchisee must complete either the EPL management training program or the Executive Franchisee Training Program. Such training shall be completed prior to the opening of the restaurant.

Franchisee's Operations Director shall be actively engaged in the management and day to day operations of the restaurant and devote full time and best efforts to the supervision of EPL Restaurant(s) owned by Franchisee. If at any time, for any reason, the Operations Director ceases to perform those duties on behalf of the Restaurant(s), Franchisee shall appoint a new Operations Director within 30 days, and the newly appointed Operations Director must satisfactorily complete the EPL management training program with-in 90 days of appointment at Franchisee's expense; or, Franchisee shall assume the duties of the Operations Director and complete the EPL management training program within 120 days (if not previously completed).

c. Franchisee shall implement a training program for Franchisee's employees in accordance with training standards and procedures prescribed by Franchisor and shall staff the Restaurant at all times during the term of this Agreement with a sufficient number of trained employees.

d. Franchisor may provide continuing operations training from time to time to reinforce operational standards, and new product roll-outs. The required frequency, duration, subject matter and required attendees shall be as determined by Franchisor from time to time.

e. In addition to the initial management training session described above, Franchisor may, at Franchisor's sole option (and if the Restaurant is Franchisee's or its affiliate's first El Pollo Loco® restaurant, Franchisor shall) assist Franchisee in the initial opening of the Restaurant by sending to the Restaurant a member of Franchisor's personnel who shall assist in the scheduled opening of the Restaurant.

f. The Restaurant shall not be opened until Franchisor is satisfied that Franchisee and Franchisee's Managers and other restaurant personnel have been adequately trained in the El Pollo Loco® System.

16.2 Franchisor shall provide training in Section 16.1 without additional charge to Franchisee, provided that Franchisee does not request Franchisor to provide the EPL management training program to more than four Managers for the Restaurant, or more than one Executive Franchisee Training Program, or more than one EPL management training program for franchisee or Operations Director in total. Franchisor shall charge franchisee a training fee up to \$2,000 per manager for the fifth and each subsequent manager or up to \$2,000 per Executive Franchisee Training Program beyond one executive in total, or EPL management training program for franchisee or Operations

Director beyond one franchisee or Operations Directors in total. Franchisee understands and agrees that Franchisee and any trainee shall be solely responsible for any and all costs incurred by them with respect to such training, including costs for compensation, wages (including compensation of and worker's compensation insurance), lodging, travel expenses or any other expenses incurred in connection with any initial training sessions, EPL management training program, Executive Franchisee Training Program, refresher courses or optional or required training program, and any such trainee shall not be considered an employee or agent of Franchisor.

## 17. ASSIGNMENT

17.1 Assignment by Franchisor. Franchisor shall have the right to assign or transfer any of its rights or delegate any of its obligations under this Agreement in whole or in part to any person, firm or corporation without any consent or approval from Franchisees; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the obligations of Franchisor hereunder:

- a. The assignee shall expressly assume and agree to perform such obligations of Franchisor in writing; and
- b. From and after the date of any such assignment, Franchisor shall have no further obligation or liability under this Agreement.

17.2 Assignment by Franchisee. The rights and duties created by this Agreement are personal to Franchisee. Franchisee acknowledges that Franchisor has entered into this Agreement in reliance on the individual or collective character, skill, aptitude, business ability, and financial capacity of Franchisee and its owners. Franchisee and each owner of an interest in this Agreement represent, warrant, and agree that all "Interests" in Franchisee are owned in the amount and manner in which Franchisee has disclosed them to Franchisor, as more particularly set forth in Schedule 1 to this Agreement. (An "Interest" means any shares or partnership interests in Franchisee and any other legal or equitable right in any of Franchisee's stock, revenues, profits, rights or assets. When referring to Franchisee's rights or assets, an "Interest" also includes this Agreement and Franchisee's rights under and interest in this Agreement, the Restaurant and the revenues, profits or assets of the Restaurant.) Franchisee and each owner also represent, warrant and agree and no change will be made in the ownership of an Interest other than as permitted by this Agreement or as Franchisor may otherwise approve in writing. Franchisee and each owner agree to furnish Franchisor with evidence as Franchisor may request from time to time to assure that the Interests of Franchisee and each owner remain as permitted by this Agreement, including a list of all persons or entities owning any Interest.

Neither this Agreement nor any Interest herein nor any Interest of Franchisee or any owner may be indirectly or directly, sold, transferred, assigned, conveyed, gifted, pledged, mortgaged, or otherwise encumbered ("**Assignment**") without Franchisor's prior written approval. Any such purported Assignment occurring by operation of law or otherwise without Franchisor's prior written consent shall constitute a default of this

Agreement by Franchisee, and shall be null and void. Except in the instance of Franchisee advertising to sell its Restaurant and assigning this Agreement in accordance with the terms thereof, Franchisee shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior décor, items, supplies, fixtures, equipment, Franchisee's lease or the real or personal property used in connection with the Restaurant. This Agreement may not be transferred by Franchisee to a publicly-held entity, or to any entity whose direct or indirect parent's securities are publicly traded and no shares of Franchisee or any direct or indirect owner of Franchisee may be offered for sale through the public offering of securities.

17.3 In the event that Franchisee desires to make an Assignment including assigning all or any part of its rights, privileges and interests under this Agreement, Franchisee shall first offer such Assignment to Franchisor by notifying Franchisor in writing of the material terms and conditions, including price and identity of transferee upon which Franchisee would be willing to make such an Assignment. Franchisee shall also concurrently provide Franchisor with the estoppel certificate identified in Section 17.5 below and such other information as determined by Franchisor to enable Franchisor to evaluate the offer. Franchisor shall have the first right to acquire said rights, privileges and interests of Franchisee by accepting the offer in accordance with said terms and conditions or equivalent cash, as determined by Franchisor in its reasonable business judgment. If, within thirty (30) days after receipt of Franchisee's notice, Franchisor advises Franchisee of its acceptance of the offer as stated in the notice, Franchisee shall promptly make the Assignment to Franchisor on the stated terms and conditions. Should Franchisor elect to exercise its right of first refusal, Franchisee shall, if requested by Franchisor, cause Franchisee's lease or sublease, if any, with the lessor for the Location to be assigned to Franchisor (or, if the Location is owned by Franchisee, Franchisee shall lease the Location to Franchisor on commercially reasonable terms applicable in that market). Notwithstanding the foregoing, Franchisor shall have at least sixty (60) days from the date of its notice of exercise to Franchisee to close the transaction and Franchisor shall also be entitled to all customary and reasonable representations and warranties from Franchisee regarding the Franchisee's business or any other interest being conveyed.

17.4 If, within thirty (30) days after receipt of Franchisee's notice, Franchisor does not indicate its acceptance of the offer as stated in the notice, Franchisee shall thereafter have the right, subject to the prior written consent of Franchisor, to make the Assignment to the proposed transferee on the same terms and conditions as stated in the notice. Should Franchisor not exercise its right of first refusal and should the contemplated Assignment not be completed within one hundred (120) days from the date of Franchisee's notice, or should the terms and conditions thereof (including the proposed transferee or the ownership therein) be altered in any material way, this right of first refusal shall be reinstated and any such subsequent proposed Assignment or altered terms and conditions of the current transaction must again be offered to Franchisor in accordance with the terms of these Sections 17.3 and 17.4. Franchisee shall notify Franchisor in writing of any proposed assignee and shall promptly furnish Franchisor with such other information and documentation as Franchisor may request for the purpose of considering whether to grant its written consent. Franchisee acknowledges and agrees that Franchisor shall be entitled, at its election and without



liability to Franchisee, to provide assignee with information relating to the Restaurant, including information in Franchisor's possession relating to operations and sales. Franchisor shall not unreasonably withhold its consent to an Assignment provided that Franchisee and the assignee satisfy such reasonable terms and conditions which may be imposed by Franchisor as a condition to obtaining Franchisor's consent, which may include, without limitation, the following:

a. The assignee (and its partners or the officers, directors, principal shareholders, or members of the assignee, as the case may be) shall be subject to the determination by Franchisor:

- i. To have the appropriate business qualifications, restaurant operations experience, reputation, character, and aptitude necessary to operate and maintain the Restaurant;
- ii. To have the ability to devote full time and best efforts to operating and maintaining the Restaurant;
- iii. To be financially responsible, possess a favorable credit rating, be economically capable of carrying on the Restaurant business and have sufficient net worth as required by Franchisor for new franchisees;
- iv. To not have been convicted of criminal misconduct that is relevant to the operation or ownership of the Restaurant or of any felony;
- v. Shall neither directly nor indirectly own, operate, control or have any financial interest in any other business which would constitute a "**Competitive Business**" (as such term is defined in Section 21.7 of this Agreement); and
- vi. Shall have demonstrated to Franchisor's satisfaction that assignee meets all of Franchisor's then-current requirements for new El Pollo Loco® franchisees, which requirements are subject to change by Franchisor from time to time in its sole discretion.

b. The assignee shall expressly assume in writing, via the Consent to Assignment of Franchise Rights attached hereto as **Exhibit 10** of the Franchise Agreement, all of the obligations and liabilities of and enter into Franchisor's then-current form of Franchise Agreement, which may contain provisions including royalty and advertising fees, materially different from those contained herein; provided, however, that the term of such new agreement shall be equal to the then-remaining term of this Agreement and assignee shall not be required to pay a new initial franchise fee. If the assignee is a partnership, corporation, limited liability company or other legal entity, then all partners, shareholders, and members of assignee that (i) hold at least a ten percent (10%) interest in assignee and/or (ii) upon whose net worth Franchisor is relying in determining that the assignee has met Franchisor's financial minimum requirements for approval must sign the Personal Guaranty and any related documents in their individual capacity, agreeing to guarantee the obligations and liabilities of the

assignee under the Franchise Agreement and to be individually bound by the terms of the Franchise Agreement as if they were a party to the Franchise Agreement. If a new partnership, corporation, limited liability company or other legal entity, at any time (including after an assignment), becomes the Franchisee or part of the Franchisee, that partnership, corporation, limited liability company or legal entity, as well as all holders of ten percent (10%) interest or more in assignee, as applicable, shall execute a Personal Guaranty, guaranteeing each of Franchisee's obligations and liabilities under the Franchise Agreement and agreeing to be individually bound by the terms of the Franchise Agreement as if they were a party to the Franchise Agreement. If the assignee is a corporation, partnership or limited liability company, it also shall demonstrate to the reasonable satisfaction of Franchisor that it has established transfer instructions prohibiting the transfer on its records of any equity securities, partnership interests or ownership interests in violation of the requirements set forth in this Section 17 and that each stock, partnership or ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to Franchisor that the assignment or transfer is subject to all of the restrictions imposed upon assignments by this Agreement;

c. The assignee or the assignor agrees to the reimage and/or remodel of the Restaurant to Franchisor's then-current standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor. Franchisee will have a specified period of time to complete the required reimage and/or remodel of the Restaurant. The required reimage and/or remodel of the Restaurant must be completed to Franchisor's satisfaction. Should the required reimage and/or remodel of the Restaurant not be completed to Franchisor's satisfaction, then Franchisor may terminate the Franchise Agreement under Section 18, entitled Default and Termination;

d. A copy of the Personal Guarantee required to be executed pursuant to this Section 17 is attached hereto as **Exhibit 3**. All other individuals with an ownership interest in the entity (who are not required to execute the Personal Guarantee) will be considered "**Investors**" and will be required to execute the "Investor Covenants Regarding Confidentiality and Non-Competition" which is attached hereto as **Exhibit 4**;

e. The assignee shall represent and warrant to Franchisor in writing that the assignee:

- i. Has conducted an independent study of the Restaurant and the business therein;
- ii. Has not in any way relied upon statements or representations of Franchisor or its employees or agents except as may be contained in an Disclosure Document or other comparable Disclosure Document which may be required to be delivered to such assignee in accordance with applicable law; and
- iii. Acknowledges and understands that the assignee's rights upon assignment are conditioned on full performance of Franchisee's obligations hereunder and are limited to those expressly provided for in this Agreement.

- f. As of the date of such assignment, Franchisee shall have fully performed and complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;
- g. Franchisee shall pay and discharge all outstanding obligations to Franchisor and to third parties arising from the existence, operation or maintenance of the Restaurant including, without limitation, amounts owing under this Agreement, the lease, if any, for the Location or to employees, suppliers, taxing authorities, utility companies and others as of the assignment date;
- h. Franchisee shall pay to Franchisor a transfer fee to reimburse Franchisor for costs and expenses incurred in connection with such Assignment, including, without limitation, the cost of credit investigations and the preparation of Assignment agreements and Franchise Disclosure Documents which may be required to be delivered to such assignee under applicable federal or state law. If the Assignment is to a new franchisee under the El Pollo Loco® System, the transfer fee shall be forty percent (40%) of the then-current Initial Fee being charged to new franchisees entering the El Pollo Loco® System. If the Assignment is to an existing franchisee under the El Pollo Loco® System, the transfer fee shall be twenty-five percent (25%) of the then-current Initial Fee being charged to new franchisees entering the El Pollo Loco® System; and
- i. In conjunction with granting the consent of Franchisor to any Assignment, Franchisee shall execute a general release, in form and substance satisfactory to Franchisor, of all claims against Franchisor and any affiliates of Franchisor.

17.5 Upon Franchisor's request, Franchisee shall, concurrently with any offer submitted to Franchisor by Franchisee regarding a transfer or purported Assignment or at any other time at Franchisor's request, furnish Franchisor with an estoppel agreement indicating any and all claims, demands and causes of action, if any that Franchisee may have against Franchisor or if none so exist, so stating, and a list of all owners having an interest in this Agreement or in Franchisee, the percentage interest of each owner and a list of all officers, directors, members and/or shareholders in such form as Franchisor may require.

17.6 Any Assignment including any encumbrance, assignment or purported encumbrance or assignment of Franchisee's rights, privileges or interests under this Agreement without Franchisor's written consent shall be null and void, of no force and effect, and shall constitute grounds for termination of this Agreement as provided in Section 18 hereof.

17.7 If Franchisee is a Business Organization or if this Agreement is assigned to an individual or Business Organization, an Assignment of this Agreement will be deemed to

have occurred when in the aggregate more than fifty percent (50%) of any one class of outstanding capital stock, the voting power, membership interests, partnership interests or other ownership interests of such Business Organization has been sold, transferred, pledged or assigned. In determining whether there has been a transfer of fifty percent (50%) of the stock, voting power, partnership interests or other ownership interests in Franchisee as provided for in this Section 17.7, Franchisor may aggregate with any transfer, sale or assignment of stock, voting power, partnership interest or other ownership interest any other transfer occurring within thirty-six (36) months prior to the date of such determination. If the assignee is a revocable family trust for which Franchisee is a controlling trustee and Franchisee's immediate family members are beneficiaries, no transfer fee will be payable to Franchisor, although Franchisee must reimburse Franchisor for Franchisor's reasonable expenses in the amount of \$500.00. Franchisor will also waive Franchisor's right of first refusal if Franchisee's assignee is a family trust that meets these criteria.

17.8 If an assignment is deemed to have occurred under any of the provisions of Section 17.7, then prior to the assignment and transfer being consummated, Franchisor shall have the option to purchase not only the interests being transferred, but also the remaining interests, so that the ownership of Franchisor will be one hundred percent (100%). Any purchase of such remaining interests shall be valued on a basis proportionate to the price of the interests initially being offered. If Franchisee is a Business Organization, Franchisee shall cause each of the owners of any equity ownership interest in Franchisee to execute an agreement granting Franchisor an option to purchase each of such owner's interest in Franchisee upon an assignment as provided in Section 17.7.

17.9 Any assignment based upon the legal incapacity of Franchisee, whether by operation of law or otherwise, shall be subject to Franchisor's written consent and right of first refusal as provided herein.

17.10 If this Agreement is assigned, Franchisee shall remain liable to Franchisor for the obligations under this Agreement and the obligations of the assignee hereunder and which arise as a result of acts, events or omissions which occur prior to the effective date of the assignment or within sixty (60) months following the effective date of the assignment; provided, however, that the foregoing limitation on liability shall not reduce Franchisee's continuing liability to the extent that Franchisee is a partner, shareholder or owner of an interest in the assignee. Franchisor's consent to any transfer hereunder shall not constitute a waiver or release of any claims it may have against Franchisee as of the date of the assignment.

17.11 Any transfer of this Agreement or any interest in this Agreement or franchisee by will or intestate succession, or the sale of this franchise or any interest in Franchisee constituting a transfer pursuant to Section 17.7 by the executor or administrator of Franchisee's or such shareholder's or person's estate, shall be considered to be a transfer requiring compliance with the provisions of this Section 17, including the requirements concerning Franchisor's written approval of the assignee, the assignee's qualifications and training, and the execution of agreements. In the event Franchisor does not approve the qualifications of any heir or beneficiary to operate the Restaurant, the executor or administrator of Franchisee's estate shall have a period of twelve (12)

months following written disapproval to sell the franchise business to an assignee acceptable to Franchisor, during which twelve (12) month period the Restaurant shall be operated in accordance with all the terms and provisions of this Agreement. Such sale shall be subject to Franchisor's right of first refusal pursuant to this Section 17. If such a sale is not concluded within that period, Franchisor may terminate this Agreement.

17.12 If, for convenience of ownership, Franchisee desires to assign this Agreement to a Business Organization to hold its interest in this Agreement, Franchisor will consent to the assignment of this Agreement to a Business Organization, provided that (i) none of the securities of an Business Organization shall be traded on any public exchange or over the counter market; (ii) the certificates or other evidence of ownership held by the owner thereof shall contain a restriction on transfer referencing this Franchise Agreement, in a form required by Franchisor; (iii) the ownership of the assignee Business Organization shall be in the same proportion as the ownership of Franchisee immediately prior to the transfer; and (iv) none of the shares of stock, membership interests, voting power, equity or ownership interests in the assignee Business Organization shall be held by or for the benefit of a business competitor of Franchisor. Franchisee shall pay an administrative fee of Five Hundred Dollars (\$500.00) per transfer for each transfer to a Business Organization, or for each transfer of ownership amongst existing owners, or to add a new minority (50% ownership or less) interest owner of the Business Organization where such transfer is for the convenience of ownership only (if such minority interest owner meets criteria as described in this Section 17 and is approved by Franchisor). At the time of request for a transfer for the convenience of ownership, Franchisee shall submit the following documents to Franchisor and Franchisor shall review, approve and/or disapprove such documents within thirty (30) days thereafter:

- a. For an assignment to a corporation, Franchisee shall provide to Franchisor a (i) file stamped copy of the Articles of Incorporation (or comparable organizational document) and By-laws of the proposed assignee corporation, (ii) a sample stock certificate, (iii) a Certificate of Good Standing in the state in which the corporation is authorized to do business and the state in which the corporation will conduct the restaurant business pursuant to this Franchise Agreement, and (iv) a list of directors, shareholders and officers and their percentage ownership of the stock of the corporation. Each share certificate of a corporation shall contain a restriction on transfer in a form designated by Franchisor.
- b. For an assignment to a partnership, Franchisee shall provide to Franchisor a (i) file stamped copy of the Certificate of Limited Partnership (if applicable) or the Statement of Partnership, and (ii) a copy of the fully executed Partnership Agreement, containing an exhibit showing the percentage of ownership in the partnership by all partners. The partnership agreement shall contain a restriction on transfer in a form designated by Franchisor.
- c. For an assignment to a limited liability company, Franchisee shall provide to Company (i) Certificate of Formation (or comparable organizational document) of Limited Liability Company; (ii) a fully executed copy of the Operating Agreement, containing an exhibit showing the percentage of ownership of all

members in the limited liability company; and (iii) the name of the manager or Managers of the limited liability company. The operating agreement shall contain a restriction on transfer in a form designated by Franchisor.

d. Franchisee acknowledges that the purpose of the restrictions on transfer referenced in Sections 17.12.a through 17.12.c above is to protect Franchisor's trademarks, service marks, trade secrets, and operating procedures as well as the Franchisor's general high reputation and image, and is for the mutual benefit of Franchisor, Franchisee and other franchisees of the Franchisor. Franchisor shall not unreasonably restrict the issuance or transfer of stock or interests in a partnership or limited liability company, provided that, in no event, shall any share of stock of such assignee corporation, or an interest in a partnership or limited liability be sold, assigned or transferred to a business of a competitor of Franchisor or anyone of ill repute.

17.13 In connection with a sale by Franchisee of all or substantially all of the assets relating to the Restaurant business, Franchisee may take a security interest in the Restaurant and the purchaser's rights under this Agreement in order to secure any financing that Franchisee provides to the purchaser for the purchase of the Restaurant. In the event of a default under such financing arrangement and the exercise by Franchisee of its rights under such security interest, Franchisee or the individual(s) purchasing the Restaurant out of a foreclosure sale may become the franchisee under this Agreement, subject to its compliance with each of the requirements set forth in this Section 17.

## 18. DEFAULT AND TERMINATION

18.1 In addition to all other available rights and remedies, Franchisor shall have the right to terminate this Agreement only for "cause". "Cause" is hereby defined as a material breach of this Agreement, including but not limited to any of the facts or circumstances specified in Sections 18.2 or 18.3.

18.2 In addition to all other available rights and remedies, Franchisor shall have the right upon the occurrence of any of the following events to immediately terminate this Agreement by giving written notice to Franchisee.

a. Abandonment of the Restaurant by Franchisee by failing to operate the Restaurant business for five (5) consecutive days or any shorter period of time after which Franchisor reasonably determines that Franchisee does not intend to continue to operate the business, unless such failure is due to fire, flood, earthquake or other similar cause beyond Franchisee's control, in which case Franchisee shall comply with each of the requirements set forth in Section 23.17;

b. Franchisee admits to an inability to pay its debts as the same become due, is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay its debts as they come due;

- c. A levy of execution is made upon the Restaurant, the license granted by this Agreement or upon any property used in the Restaurant business, and it is not discharged within five (5) days of such levy;
- d. The Restaurant business, equipment or premises are seized, taken over or foreclosed by a creditor, lienholder or lessor, or a final judgment rendered against Franchisee remains unsatisfied for at least thirty (30) days and a supersedeas or other appeal bond has not been filed;
- e. The right to occupy or lease the Location is lost or terminated and Franchisee has not relocated the Restaurant, if permitted, pursuant to Section 23.17;
- f. Franchisee or any of its partners, officers, directors or principal shareholders is convicted of any criminal misconduct that is relevant to the operation or ownership of the Restaurant or any felony;
- g. The failure of Franchisee to reach each milestone and to open and operate the Restaurant in accordance with and by the time set forth in Section 4.1;
- h. Any purported Assignment, including the transfer or sublicense of this franchise, or any right hereunder, without the prior written consent of Franchisor;
- i. Any material misrepresentation is made by Franchisee in connection with the acquisition of the franchise herein;
- j. Franchisee engages in conduct which reflects materially and unfavorably upon the operation, the reputation of the Restaurant business, the El Pollo Loco® System, or the goodwill associated with the El Pollo Loco® Marks;
- k. Franchisee on three or more occasions fails to comply with one (1) or more material standards or requirements of this Agreement (or as specified in the Manual), whether or not corrected after notification thereof;
- l. A repetition within a one-year period of any default (whether or not that earlier default was corrected after notification thereof) shall justify Franchisor in terminating this Agreement upon written notice to Franchisee without allowance for any curative period;
- m. Failure of Franchisee, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation and maintenance of the Restaurant, including, but not limited to, public health and safety requirements;

- n. Reasonable determination on the part of Franchisor that continued operation of the Restaurant by Franchisee will result in an imminent danger to public health or safety;
- o. Except for noncompliance otherwise covered by Subparagraph 18.2.k above, failure of Franchisee to correct a deficiency or unsatisfactory condition referred to in an Inspection Report (discussed in Section 15 hereof) which Franchisor reasonably determines may have a material adverse effect on the ownership or operation of the Restaurant after having received a reasonable opportunity to cure such deficiency or unsatisfactory condition, which in no event need be more than thirty (30) days;
- p. In the event that Franchisee leases or subleases the Location and/or the leasehold improvements thereon from a third party, the failure of Franchisee to cure any and all defaults under the terms and provisions of any such lease or sublease within the time provided for the curing of any such default(s) in any such lease or sublease;
- q. Any misrepresentation by Franchisee or any violation of the Anti-Terrorism Laws by Franchisee or its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates.

18.3 Except for any default by Franchisee under Section 18.2, or as otherwise expressly provided in this Agreement, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Franchisor or its affiliates or to vendors for any products, services or required fees due to such vendors), after Franchisor's written notice of a material default within which to remedy any material default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as applicable law may require or as Franchisor may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

Franchisee shall be in material default under this Section for any failure to comply with any of the requirements imposed by this Agreement. Such material defaults shall include, but are not limited to, the occurrence of any one or more of the following events:

- a. Failure of Franchisee to pay to Franchisor, its affiliates or any third-parties any fees, costs, charges or other amounts due;
- b. Failure of Franchisee to pay when due any rent, taxes or other payments required under any sublease with Franchisor for the Location;
- c. Failure of Franchisee to cure any default by Franchisee under any loan, note or other obligation which is obtained to assist Franchisee to make any payment due Franchisor hereunder or which is secured by all or any part of Franchisee's interest in the Restaurant, the Location, and/or the improvements or furniture, fixtures or equipment therein;



- d. The attachment of any involuntary lien in the sum of One Thousand Dollars (\$1,000.00) or more upon any of the business assets or property of Franchisee, which lien is not removed, or for which Franchisee does not post a bond sufficient to satisfy such lien, within thirty (30) days of the filing of such lien;
- e. The failure of Franchisee to cure any and all defaults under the terms and provisions of any other agreement with Franchisor, or any third party relating to this franchise or the operation or ownership of the Restaurant, including any other Franchise Agreement, lease or promissory note between Franchisor or its affiliate and Franchisee within the time provided for the curing of any such defaults in any such other agreement, lease or promissory note;
- f. Franchisee's misuse or unauthorized use of the El Pollo Loco® Marks;
- g. Failure of Franchisee to comply with any standard or requirement of this Agreement which is not otherwise covered in this Section 18.

18.4 Notwithstanding anything to the contrary contained in this Section 18, in the event any valid, applicable law of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or dispute relating to this Agreement or the termination thereof.

18.5 Franchisor shall not, and cannot be held in breach of this Agreement until (i) Franchisor has received written notice from Franchisee describing in detail any alleged breach; and (ii) Franchisor has failed to remedy the breach within a reasonable period of time after such notice, which period shall not be less than 60 days plus such additional time as reasonably required by Franchisor if because of the nature of the alleged breach it cannot reasonably be cured within said 60 days, provided Franchisor promptly commences and continues diligently to cure such alleged breach. Except for breach hereof by Franchisor (subject to the preceding sentence) or as permitted under Section 23.17 hereof, Franchisee shall have no right to terminate this Agreement.

## 19. RIGHTS AND OBLIGATIONS UPON TERMINATION

19.1 In the event of expiration or earlier termination of this Agreement:

- a. Franchisee shall promptly cease to use, in any manner and for any purpose, directly or indirectly, the El Pollo Loco® Marks, the El Pollo Loco® System, Franchisor's trade secrets, proprietary information, policies, procedures,

Exhibit D of Multi-State Disclosure Document Control No. 040114 - Franchise Agreement

techniques, methods and materials used by Franchisee in connection with the franchise relationship and shall immediately return to Franchisor, or certify as destroyed any and all (including electronic) copies of any of the foregoing, including, but not limited to:

- i. Specifications, recipes and descriptions of food products;
  - ii. The Manual, memoranda, bulletins, forms, reports, instructions and supplements thereto;
  - iii. Training methods and materials provided by Franchisor hereunder;
  - iv. Brochures, posters and other advertising materials; and
  - v. All items bearing or containing the El Pollo Loco® Marks, including without limitation, all trademarks, trade names, service marks, logotypes, designs and other identifying symbols and names pertaining thereto.
- b. Franchisee shall immediately remove, obliterate or destroy all Signs and advertisements identifiable in any way with Franchisor's name and perform such reasonable redecoration and remodeling of the Restaurant and the Location as may be necessary, in Franchisor's judgment, to distinguish it from an El Pollo Loco® restaurant. To the extent that Franchisor is required under applicable law to repurchase certain goods from Franchisee, Franchisee hereby grants to Franchisor the option to purchase all paper goods, containers and all other items containing Franchisor's name or the El Pollo Loco® Marks which are in re-saleable or reusable condition at the lower of their cost or fair market value at the time of termination;
- c. Franchisor may retain all fees paid pursuant to this Agreement;
- d. On any termination or expiration of this Agreement, whether due to a default of Franchisee or otherwise, Franchisor shall have the right, at its option, for thirty (30) days after such termination or expiration to elect to purchase Franchisee's interest in the leasehold improvements and furniture, fixtures, equipment, and any or all of the other tangible Restaurant assets (collectively, "**Assets**") at a purchase price equal to the lesser of Franchisee's cost or the fair market value of such Assets, and to purchase Franchisee's inventory at Franchisee's cost thereof. If the parties hereto cannot agree on the fair market value for the Assets within forty-five (45) days of any such date of termination or expiration, Franchisor shall designate an independent appraiser whose determination shall be binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee and the costs of the appraisal, if any, against any payment therefor;
- e. Should Franchisee fail to perform any of these tasks, the Franchisor's personnel and representative shall have the right to enter the Restaurant at any time, with or without notice, for the purposes of removing all trademarks, trade

names, service marks, logotypes, designs and other identifying symbols and names pertaining to El Pollo Loco brand and to remove, obliterate or destroy all Signs and advertisements identifiable in any way with Franchisor's name and perform such reasonable redecoration and remodeling of the Restaurant and the Location as may be necessary, in Franchisor's judgment, to distinguish it from an El Pollo Loco® restaurant. The cost of performing this will be billed to Franchisee and payable within five (5) days of receipt of invoice; and

f. Franchisee shall comply with the covenants set forth in Section 21.7 of this Agreement.

19.2 Upon the expiration or termination of this Agreement, Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates. In the event of termination by reason of any default of Franchisee, such sums shall include all damages (including, but not limited to, any lost future royalties and advertising fees), costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation to pay all such sums shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, Signs, fixtures, and inventory owned by Franchisee located in the Restaurant operated hereunder at the time of any such default. Franchisee shall pay interest to Franchisor on any amounts which may become due to Franchisor from Franchisee, if such are not paid when due, at the rate of fifteen percent (15%) per annum or the maximum interest rate permitted by law, whichever is less.

19.3 The expiration or termination of this Agreement shall be without prejudice to the rights and remedies of Franchisor against Franchisee. Furthermore, such expiration or termination shall neither release Franchisee or any of its obligations and liabilities to Franchisor existing at the time thereof nor terminate those obligations and liabilities of Franchisee which, by their nature, survive the expiration or termination of this Agreement.

19.4 Upon expiration or termination of this Agreement, Franchisor may remove all references to the Franchise and/or to the Restaurant from its website(s).

19.5 Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of any of the provisions of this Section 19, including the covenants in Section 21.7. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 19,

## 20. RIGHTS TO A SUCCESSOR FRANCHISE

20.1 Franchisee shall have the right, subject to the conditions contained in this Section 20.1, to acquire a successor franchise for the Restaurant on the terms and conditions of Franchisor's then-current form of Franchise Agreement and for a term of ten (10) years (a "**Successor Term**") commencing on the expiration of the term of this

Agreement. The then-current form of franchise agreement may have different terms and conditions such as higher royalty and/or advertising fees, no additional successor or renewal term upon expiration and other modifications to reflect that the then-current form of franchise agreement relates to the grant of a renewal. Franchisee's right to a successor franchise shall be conditioned upon the satisfaction of each of the following conditions prior to the expiration of the term of this Agreement: (a) Franchisee is in compliance with this Agreement in all respects including financial and operational compliance and has been in substantial compliance with this Agreement throughout the term; (b) Franchisee meets Franchisor's then-current criteria for renewing franchisees, which includes but is not limited to financial and operational standards; (c) Franchisor has not notified Franchisee of its decision that any federal or applicable state legislation, regulation or rule which is enacted, promulgated or amended after the date hereof may have an adverse effect on Franchisor's rights, remedies or discretion in franchising El Pollo Loco® restaurants; (d) Franchisee maintains the right to possession of the Location for the term of the successor Franchise Agreement; (e) Franchisee shall have paid the renewal fee described in the final sentence of this Section 20.1; and (f) Franchisee satisfies each of the conditions and executes and delivers the agreement described in Sections 20.2, 20.3 and 20.4 below. At the time of exercise, Franchisee will be obligated to pay a renewal fee equal to 50% of Franchisor's then-current standard initial franchise fee if Franchisee elects a Successor Term. Solely at Franchisor's discretion, Franchisee may be offered a successor franchise for a term different than the standard ten (10) years to run concurrent with the remaining term of the (sub)lease for where the Restaurant is located. This pro-rated term successor Franchise Agreement ("**Pro-rated Successor Franchise Agreement**") will use the then-current form of Franchise Agreement (modified as described above). In order to qualify for the Pro-rated Successor Franchise Agreement, Franchisee must meet the same conditions listed above from (a) to (f) and Franchisee will be obligated to pay a renewal fee equal to 50% of Franchisor's then-current standard initial franchise fee pro-rated to the remaining (sub)lease term.

20.2 Franchisee must give Franchisor written notice of Franchisee's desire to acquire a successor franchise at least three hundred sixty (360) days prior to the expiration of this Agreement. Franchisor will give Franchisee notice, not later than sixty (60) days after receipt of notice, of Franchisor's decision as to whether or not Franchisee has the right to acquire a successor franchise pursuant to Section 20.1. Notwithstanding notice of Franchisor's decision that Franchisee has the right to acquire a successor franchise for the Restaurant, Franchisee's right to acquire a successor franchise will be subject to Franchisee's continued compliance with all of the terms of this Agreement up to the date of its expiration.

20.3 If Franchisee exercises the right to acquire a successor franchise in accordance with Section 20.2 above, Franchisee shall enter into an agreement with Franchisor within sixty (60) days following delivery of the written notice pursuant to Section 20.2, agreeing to remodel the Restaurant, add or replace improvements, fixtures, furnishings, equipment and Signs, and otherwise modify to upgrade the Restaurant to the specifications, image and standards then applicable for new El Pollo Loco® restaurants. All such remodelings, additions and replacements must be completed prior to the effective date of such successor Franchise Agreement.

20.4 If Franchisee has the right to acquire a successor franchise in accordance with Section 20.1 and exercises that right in accordance with Section 20.2, the parties must execute the form of Franchise Agreement (which may contain provisions, including royalty and advertising fees, materially different from those contained herein) and all ancillary agreements which Franchisor then customarily uses in granting renewal franchises for the operation of El Pollo Loco® restaurants, and Franchisee must execute general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees, agents, successors and assigns. Failure by Franchisee to sign such agreements and releases within thirty (30) days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to acquire a successor franchise.

## 21. PROPRIETARY RIGHTS AND UNFAIR COMPETITION

21.1 In the event of any claim of or challenge to Franchisee's use of the El Pollo Loco® Marks licensed under this Agreement, Franchisee shall immediately notify Franchisor in writing of the facts of such claim or challenge.

a. Franchisor shall protect and defend Franchisee against any claims or challenges arising out of Franchisee's proper use of the El Pollo Loco® Marks licensed hereunder.

b. Franchisor shall reimburse Franchisee for all damages for which it is held liable in any such proceeding; however, the foregoing obligations of Franchisor to protect, defend and reimburse Franchisee will exist only if Franchisee has used the name or mark which is the subject of the controversy in strict accordance with the provisions of this Agreement and the rules, regulations, procedures, requirements and instructions of Franchisor and has notified Franchisor of the challenge as set forth above.

c. Any action to be taken in the event of a claim or challenge to any of the El Pollo Loco® Marks shall be solely in the discretion of Franchisor. Franchisor shall have the sole right to control any legal actions or proceedings resulting therefrom. Any actions taken to protect the El Pollo Loco® Marks shall also be within the sole discretion and control of Franchisor. Franchisee shall cooperate fully with Franchisor in the prosecution or defense of any claim or challenge concerning any of the El Pollo Loco® Marks.

21.2 If it becomes advisable at any time, in the sole discretion of Franchisor, to modify or discontinue the use of any one or more of the El Pollo Loco® Marks or to use one or more additional or substitute names, marks or copyrights, Franchisee shall immediately comply with the instructions of Franchisor in that regard. In such event, the sole obligation of Franchisor will be to reimburse Franchisee for the actual costs, such as replacing sign faces, of physically complying with this obligation.

21.3 Franchisee acknowledges and agrees that at all times and in all respects, the El Pollo Loco® Marks are the sole property of Franchisor and that Franchisee has only a

license to use such rights and marks according to the provisions hereof. Franchisee shall make no application for registration of any identifying name or mark licensed herein or similar thereto without the prior written consent of, and upon terms and conditions satisfactory to, Franchisor. Franchisee shall not register any of the El Pollo Loco® Marks, part thereof, or anything confusingly similar thereto, as a domain name, or use, or permit the usage of, any of the same in connection with any Internet web site or web page. Franchisee shall indicate the required trademark, service mark or copyright notices in the form specified by Franchisor in connection with its use of the El Pollo Loco® Marks. Franchisee shall take no action which will interfere with any of Franchisor's rights in and to the El Pollo Loco® Marks. Franchisee shall not, without Franchisor's prior written consent, sell, dispense or otherwise provide Franchisor's products or any El Pollo Loco products bearing the El Pollo Loco® Marks, except by means of retail sales in, or delivered from, the Restaurant.

21.4 a. Franchisor may, at its option, establish and maintain an Intranet through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information. Franchisor shall have sole discretion and control over all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without Franchisor having any liability to Franchisee. (As used herein, the term "**Intranet**" shall mean an intranet, extranet or other communication network between and among Franchisor and Franchisee that is accessed by the Internet. As used herein, the term "**Internet**" shall mean collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio or other methods of electronic communication.)

b. If Franchisor establishes an Intranet, Franchisee shall have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) confidential treatment of materials that Franchisor transmits via the Intranet; (iii) password protocols and other security precautions; (iv) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet; and (v) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

c. Upon receipt of notice from Franchisor that Franchisor has established the Intranet, Franchisee shall establish and continually maintain (during all times that the

Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

d. Franchisee shall contribute a reasonable amount, not to exceed \$1,000.00 per year (which maximum amount shall increase at a rate of 3% per calendar year during the term of this Agreement, toward the cost of the Intranet's maintenance. Such contribution shall be established by Franchisor by not later than March 1 of each calendar year and shall be payable thirty (30) days thereafter.

e. If Franchisee shall breach this Agreement or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manuals.

21.5 Franchisor has established a Website. As used herein, the term "**Website**" shall mean one or more Internet websites that may, among other things, provide marketing development operations and training materials, facilitate catering, take-out and delivery orders, provide information about the System and the products and services which are offered on such Website and at restaurants operated under the El Pollo Loco® Marks.

a. Franchisor may, at its sole discretion, from time to time, without prior notice to Franchisee: (i) change, revise, or eliminate the design, content and functionality of the Website; (ii) make operational changes to the Website; (iii) change or modify the URL and/or domain name of the Website; (iv) substitute, modify, or rearrange the Website, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (1) comply with applicable laws, (2) respond to changes in market conditions or technology, and (3) respond to any other circumstances; (v) limit or restrict end-users access (in whole or in part) to the Website; and (vi) disable or terminate the Website without Franchisor having any liability to Franchisee.

b. The Website may include one or more interior pages that identifies restaurants operated under the El Pollo Loco® Marks, including the Restaurant, by among other things, geographic region, address, telephone number(s), and menu items. The Website may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor's investors.

c. Franchisor may, from time to time, establish a Franchisee Page. As used herein, the term "**Franchisee Page**" shall mean one or more interior pages of the Website dedicated in whole or in part to Franchisee's Restaurant. Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee's execution of Franchisor's then-current participation agreement, and Franchisee's compliance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Such participation agreement may require Franchisee to pay a reasonable fee (not to exceed \$1,000.00

per year, which maximum shall increase at a rate of 3% per year for the term of this Agreement) for the privilege of having a Franchisee Page, and may include, without limitation, specifications and limitations for the data or information to be posted to the Franchisee Page, customization specifications, the basic template for design of the Franchisee Page, parameters and deadlines specified by Franchisor, disclaimers, and such other standards and specifications and rights and obligations of the parties as Franchisor may establish from time to time. Any modifications (including customizations, alterations, submissions or updates) to the Content made by Franchisor for any purpose will be deemed to be a "work made for hire" under the copyright laws, and therefore, Franchisor shall own the intellectual property rights in and to such modifications. To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignment(s) as Franchisor may request.

d. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation on the Website in Franchisor's sole discretion, if Franchisee shall breach this Agreement, or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Restaurant on the Website until said breach is cured.

21.6 Franchisee acknowledges that, in connection with the operation of the franchise business, Franchisor will be disclosing confidential information and trade secrets to Franchisee. Franchisee further acknowledges that its knowledge of, and access to, Franchisor's formulae, recipes, processes, products, techniques, know-how and other proprietary information, including without limitation the Manual and the El Pollo Loco® System (collectively referred to as the "**Confidential Information**"), are derived entirely from the material disclosed to Franchisee by Franchisor. Franchisee acknowledges and agrees that at all times and in all respects, the Confidential Information is a trade secret of Franchisor and that Franchisee has only a license to use the Confidential Information according to the provisions of this Agreement.

a. Franchisee, and each officer, director, shareholder, member, manager, partner, and other equity owner, as applicable, of Franchisee, if Franchisee is a Business Organization, shall maintain fully and strictly the secrecy of all the Confidential Information and to exercise the highest degree of diligence in safeguarding the Confidential Information during and after the term of this Agreement. Franchisee shall divulge the Confidential Information only to Franchisee's employees and only to the extent necessary to permit the efficient operation of the Restaurant during the effective term of this Agreement. After the expiration or termination of this Agreement, Franchisee shall not divulge the Confidential Information to any person or entity, nor shall Franchisee use the Confidential Information in any manner.

b. It is expressly agreed that the ownership of all of the El Pollo Loco® Marks and the Confidential Information is and shall remain vested solely in Franchisor. Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Franchisee any secret processes, formulae, ingredients or other information, except the material contained in Franchisor's Manual and training materials.



c. Franchisee shall fully and promptly disclose to Franchisor, all ideas, concepts, formulas, recipes, methods, techniques, and other possible improvements (each an “**Improvement**”) relating to the development or operation of a quick service flame-grilled food product and/or related service, conceived or developed by Franchisee or Franchisee’s employees during the Term. Any and all such Improvements will automatically be deemed to be Franchisor’s sole and exclusive property and works made-for-hire; provided, however, for any such improvements that do not qualify as work made-for-hire for Franchisor, Franchisee hereby assigns ownership of that or those Improvements to Franchisor and covenants to execute whatever assignment or other documentation Franchisor requests in order to evidence such assignment and to assist Franchisor in securing intellectual property rights in the Improvement. Franchisee may not test, offer, or sell any new products without Franchisor’s prior written consent, which may be withheld in Franchisor’s sole discretion.

21.7 To further protect the El Pollo Loco® System while this Agreement is in effect, Franchisee and each officer, director, shareholder, member, manager, partner, and other equity owner, as applicable, of Franchisee, if Franchisee is a Business Organization, shall neither directly nor indirectly, for itself, himself or herself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, consult, work for, be employed by, own any equity interest in, own, operate, control, engage in, provide assistance to, or have any interest (financial or otherwise) in any other business which would constitute a “**Competitive Business**” (as hereinafter defined) without the prior written consent of Franchisor; provided further, that Franchisor may, in its sole discretion, consent to Franchisee’s continued operation of any business already in existence and operating at the time of execution of this Agreement. In addition, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous, uninterrupted period commencing upon the expiration, termination or assignment of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, consult, work for, be employed by, own equity interest in, own, operate, control, engage in, provide assistance to, or have any interest (financial or otherwise) in any Competitive Business which is located or has outlets or restaurant units within a radius of five (5) miles of the location of the Restaurant. The foregoing shall not apply to operation of an El Pollo Loco® restaurant by Franchisee pursuant to another Franchise Agreement with Franchisor or the ownership by Franchisee of less than five percent (5%) of the issued or outstanding stock of any company whose shares are listed for trading on any public exchange or on the over-the-counter market, provided that Franchisee does not control or become involved in the operations of any such company. For purposes of this Section 21.7, a Competitive Business shall mean a quick-service restaurant or fast-food business which sells chicken and/or Mexican food products, which products individually or collectively represent more than twenty percent (20%) of the revenues from such quick-service restaurant or fast-food business operated at any one location during any calendar quarter. A “**Competitive Business**” shall not include a full-service restaurant.

21.8 In the event that any provision of this Section 21 shall be determined by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall not be void, but such provision shall be limited to the extent necessary to make it valid and enforceable.

21.9 Franchisee understands and acknowledges that Franchisor shall have the right to reduce the scope of any obligation imposed on Franchisee by Section 21.7, without Franchisee's consent, and that such modified provision shall be effective upon Franchisee's receipt of written notice thereof.

21.10 Franchisee acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee hereby consents to the entry of a preliminary and permanent injunction prohibiting any conduct by Franchisee in violation of the terms of those covenants not to compete set forth in this Agreement. Franchisee expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through Franchisee's unlawful utilization of Franchisor's Confidential Information, know-how, methods and procedures.

## 22. RESOLUTION OF DEVELOPMENT AND OTHER DISPUTES

22.1 Resolution of Development Dispute - Any dispute that arises out of a decision by Franchisor to develop or authorize development of a new restaurant shall be resolved solely in the manner contemplated by Franchisor's Procedures for Resolving Disputes Relating to the Development of New Restaurants, a copy of which is attached as **Exhibit 1** and which is incorporated into this Agreement. Franchisee acknowledges that it shall have no claim or right under such process with respect to the development of a new restaurant unless such new restaurant would be located within Franchisee's "**Notification Radius**" (as that term is defined in **Exhibit 1**).

22.2 Mediation of All Other Disputes - The following shall apply to any other controversy between Franchisor and Franchisee (including its affiliates) relating (a) to this Agreement, (b) the parties' business activities conducted as a result of this Agreement, or (c) the parties' relationship or business dealings with each other generally.

Within forty-five (45) days of receipt of the initial request for such a meeting, the parties shall meet, discuss and negotiate toward a resolution of the controversy at a location within the county in which Franchisor is then located.

If negotiation efforts do not succeed, the parties shall engage in mandatory but non-binding mediation by a mediator jointly chosen by the parties or if the parties cannot agree upon a mediator, by the American Arbitration Association for disputes relating to locations outside of California or Franchise Arbitration and Mediation Services, Newport Beach, California, for disputes relating to locations within California.

A mediation meeting will be held at a place and at a time mutually agreeable to the parties and the mediator. The Mediator will determine and control the format and

procedural aspects of the mediation meeting which will be designed to ensure that both the mediator and the parties have an opportunity to present and hear an oral presentation of each party's views regarding the matter in controversy. The parties will act in good faith to resolve the controversy in mediation.

The mediation will be held as soon as practicable after the negotiation meeting is held.

The mediator will be free to meet and communicate separately with each party either before, during or after the mediation meeting within 60 days of demand by either party.

At the election of Franchisor, the provisions of this Section 22 shall not apply to controversies relating to any fee due Franchisor by Franchisee or its affiliates, any promissory note payments due Franchisor by Franchisee, or any trade payables due Franchisor by Franchisee as a result of the purchase of equipment, goods or supplies. The provisions of this Section 22 shall also not apply to any controversies relating to the use and protection of the El Pollo Loco Marks, the Manual or the El Pollo Loco System, including without limitation, Franchisor's right to apply to any court of competent jurisdiction for appropriate injunctive relief for the infringement of the El Pollo Loco Marks or the El Pollo Loco System.

### 23. MISCELLANEOUS PROVISIONS

23.1 In the event that Franchisee is comprised of more than one person, firm, corporation or other entity, Franchisee's rights, privileges, interests, obligations and liabilities under this Agreement shall be joint and several with respect to such persons, firms, corporations or other entities.

23.2 If Franchisee is a Business Organization, Franchisor will require, as a condition to the effectiveness hereof, the written guarantee and assumption of Franchisee's obligations hereunder by any or all of the shareholders, members, partners, other equity owners, as applicable, of a Business Organization and/or some other natural persons associated with Franchisee, the form of which is attached hereto as **Exhibit "3"**. Franchisor may also require that Franchisee maintain transfer instructions restricting a transfer on its records of any securities, partnership interests or other ownership interests in violation of the restrictions set forth in Section 17 and that each stock, partnership or other ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to Franchisor that further assignment or transfer thereof is subject to each of the restrictions imposed upon assignments by this Agreement.

23.3 All notices required under this Agreement shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given forty-eight (48) hours after deposit of such notice

in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. The address for Franchisor shall be: Attention: Director of Legal Services, El Pollo Loco, Inc., 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626, and the address and facsimile number for Franchisee shall be the address and facsimile number listed on the cover page of this Agreement. Franchisor or Franchisee may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein. Notwithstanding anything to the contrary contained herein, Franchisor may deliver bulletins and updates to the Manual by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor.

Notwithstanding the above, Franchisor may elect to utilize email or similar communications to Franchisee for the purpose of communicating System modifications, operations, marketing and other bulletins, menu changes, product or equipment safety or recall alerts, or any other message Franchisor determines, and Franchisee hereby acknowledges that such communications will constitute actionable communication under this Agreement and shall ensure that Franchisee's communications system includes the capability, and is set or programmed, to receive such communications from Franchisor on a continual basis throughout the Term. Franchisee must never opt out or refuse to accept any of such Franchisor communications at any time during the Term.

23.4 The receipt and acceptance by either party of any delinquent payment due hereunder shall not constitute a waiver of any other default. No delay or omission in the exercise of any right or remedy of either party upon any default by the other hereunder shall impair such right or remedy or be construed as a waiver of any term, covenant or condition of this Agreement to be performed by the other party. To be effective, any waiver of any other default must be in writing and shall not constitute a waiver of any other default concerning the same or any other term, covenant or condition of this Agreement.

23.5 Franchisor's consent to or approval of any act or conduct of Franchisee requiring such consent or approval shall not be deemed to waive or render unnecessary Franchisor's consent to or approval of any subsequent act or conduct hereunder.

23.6 The provisions of this Agreement are intended by the parties to be a complete and exclusive expression of their agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties except as set forth or referenced herein. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). The provisions of this Agreement may not be contradicted by any other statement concerning the subject matter herein. Furthermore, this Agreement may not be amended or modified except by a written agreement signed by the parties hereto.

23.7 In the event of the bringing of any action by either party against the other arising out of or in connection with this Agreement or the enforcement thereof, or by reason of the breach of any term, covenant or condition of this Agreement on the part of either party, the party in whose favor final judgment is entered shall be entitled to have and recover from the other party reasonable attorneys' fees plus costs and expenses reasonably incurred to be fixed by the court rendering such judgment.

23.8 This Agreement shall be governed by and construed in accordance with the laws of the state in which Franchisor's headquarters is currently located (i.e., the State of California), except for the provisions in Section 21.7 covering competition following the expiration, termination or assignment of this agreement which shall be governed by the laws of the state in which the breach occurs. **EXCEPT AS PROVIDED IN SECTION 22, ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, WILL BE BROUGHT WITHIN THE STATE IN WHICH FRANCHISOR'S HEADQUARTERS (CURRENTLY THE STATE OF CALIFORNIA) IS THEN LOCATED. THE ACTION SHALL BE BROUGHT IN FEDERAL COURT IF FEDERAL COURT JURISDICTION IS AVAILABLE AND, IF NOT, IN STATE COURT. THE PARTIES HEREBY WAIVE ANY RIGHT TO DEMAND OR HAVE TRIAL BY JURY IN ANY ACTION RELATING TO THIS AGREEMENT IN WHICH FRANCHISOR IS A PARTY. THE PARTIES CONSENT TO THE EXERCISE OF PERSONAL JURISDICTION OVER THEM BY SUCH COURTS IN CALIFORNIA AND TO THE PROPRIETY OF VENUE OF SUCH COURTS FOR THE PURPOSE OF CARRYING OUT THIS PROVISION, AND EACH PARTY WAIVES ANY OBJECTION THAT IT WOULD OTHERWISE HAVE TO THE SAME. ANY ACTION BETWEEN FRANCHISEE AND FRANCHISOR SHALL INVOLVE ONLY THE INDIVIDUAL CLAIMS OF FRANCHISEE AND SHALL NOT INVOLVE ANY CLASS, GROUP, CONSOLIDATED, REPRESENTATIVE OR ASSOCIATIONAL ACTION.**

23.9 Except with respect to Franchisee's obligation to indemnify Franchisor pursuant to Sections 9.3 and 9.4 of this Agreement, the parties waive to the fullest extent permitted by the law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains and injunctive relief. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Restaurant, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

23.10 Any provision of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. To the extent permitted by applicable law, Franchisee waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.

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23.11 Franchisee recognizes the unique value and secondary meaning attached to the El Pollo Loco® System, the El Pollo Loco® Marks, the Confidential Information and the associated standards of operation and trade practices, and Franchisee agrees that any noncompliance with the terms of this agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and its franchisees. Franchisee therefore agrees that if it should engage in any such unauthorized or improper use, during or after the term of this Agreement, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law. Franchisee agrees and acknowledges that in such event, Franchisee may be required to post a bond while Franchisor shall not be required to post a bond.

23.12 Franchisee shall grant no security interest in the franchise or in any of the tangible assets of the business including the furniture, fixtures and equipment located in the Restaurants, unless the secured party agrees that in the event of any default by Franchisee and exercise of its right to take and sell such assets under any documents relating to such security interests, Franchisor shall have the right and option to exercise a right of first refusal to purchase such assets on the same terms and conditions offered by the secured party. If, within thirty (30) days after receipt of the offer, which would include information and documentation as Franchisor may need or require for the purpose of considering whether to exercise its right of first refusal to purchase such assets, Franchisor does not indicate its acceptance of the offer as stated in the notice, secured party shall thereafter have the right to make the sale to the proposed transferee on the same terms and conditions as stated in the notice. Should Franchisor not exercise its right of first refusal and should the contemplated sale not be completed within one hundred (120) days from the date of the notice, or should the terms and conditions thereof (including the proposed transferee or the ownership therein) be altered in any material way, this right of first refusal shall be reinstated and any such subsequent proposed sale or altered terms and conditions of the current transaction must again be offered to Franchisor in accordance with the terms listed above.

23.13 Nothing contained in this Agreement, whether express or implied, shall be deemed in any way to prevent or limit Franchisor and its subsidiaries and affiliates from opening and/or operating, or granting the right to any person to open and/or operate, restaurants in the immediate vicinity of or adjacent to the Restaurant. Franchisee understands and agrees that Franchisor or its subsidiaries or affiliates, in their sole discretion, may open and/or operate restaurants in any area they choose, or may authorize or license others to do the same, whether it is in competition with or in any other way affects the sales of Franchisee at the Restaurant. Franchisee understands and agrees that Franchisor also reserves the right to sell the same or similar products to customers, no matter where they are located, at retail locations, through the internet, telemarketing or other direct marketing, through other restaurants having the same or similar menu items or through any other distribution channel.

23.14 This Agreement shall be binding upon and inure to the benefit of the parties hereto, their permitted heirs, successors and assigns.

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23.15 This Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by authorized officers of Franchisor.

23.16 The parties intend to confer no benefit or right on any person or entity not a party to this Agreement, and no third party shall have the right to claim the benefit of any provision hereof as a third party beneficiary of any such provision.

23.17 a. If following commencement of business at the Restaurant, the Restaurant is damaged or destroyed to the extent that Franchisor determines that the Restaurant must be closed for repairs for more than sixty (60) days, or if the Location is taken by condemnation proceedings or Franchisee's lease is terminated through no act or failure to act on its part (except the failure to utilize any available options to extend such lease, or Franchisee's willful truncation of such lease), Franchisor may elect, at Franchisor's option, to terminate this Agreement, require Franchisee to relocate the Restaurant, or in the case of a casualty, require Franchisee to rebuild the Restaurant.

b. If Franchisor elects to require Franchisee to rebuild the Restaurant, Franchisee shall, at its own expense, repair or reconstruct the Restaurant, and such construction shall be completed and the Restaurant shall reopen for business not later than twelve (12) months following the date the triggering event occurred. The minimum acceptable appearance for the reconstructed Restaurant will be that which existed just prior to the casualty; however, every effort shall be made to have the reconstructed Restaurant reflect the then-current image, design and specifications of new El Pollo Loco® restaurants.

c. If Franchisor elects to require Franchisee to relocate the Restaurant, Franchisee must execute Franchisor's then-current form of Development Agreement within thirty (30) days of the date Franchisor notifies Franchisee of Franchisor's election. Franchisee must follow the site selection and approval procedures associated with the Development Agreement, including the Development Disputes Procedures associated with the Development Agreement; provided, however, that no development fee shall be required to be paid. Upon approval by Franchisor of a new site, Franchisee must execute Franchisor's then-current form of Franchise Agreement; provided, however, that the term of such new agreement shall be equal to the remaining term of this Agreement and Franchisee shall not be required to pay a new initial franchise fee. Franchisee will submit a replacement site for the new Restaurant, in accordance with the time frames indicated in the then-current form of Development Agreement, and which replacement site shall be located in an area defined as a radius surrounding the existing site of the Restaurant, the exact dimensions of which shall be reasonably negotiated between Franchisee and Franchisor taking into consideration the rights of other then-existing and potential franchisees and which will be subject to any development disputes procedures associated with the franchise agreements of any then-existing and potential franchisees within a certain radius of the new site. (However, if those development disputes procedures would require Franchisor to pay for any impact analysis, mediation agreement payment or arbitration award, Franchisee agrees to indemnify Franchisor for any such payment.) If Franchisor approves the new site, Franchisee shall either acquire or lease the site and design, construct and furnish the Restaurant in conformance with the design and construction requirements imposed

by Franchisor for new El Pollo Loco® restaurants. The new Restaurant must be open for business not later than twelve (12) months following the date of the casualty or loss of possession of the original Location.

d. If Franchisor elects to terminate the Franchise Agreement, Franchisee shall promptly comply with the requirements set forth at Sections 19.1 and 19.2.

#### 24. INTERFERENCE WITH EMPLOYMENT RELATIONS

24.1 During the term of this Agreement, neither Franchisor nor Franchisee shall employ or seek to employ, directly or indirectly any person who is at the time or was at any time during the prior six (6) months employed in any type of managerial position by the other party, or by any franchisee in the El Pollo Loco System, without the other's prior written "Consent." "Consent" for purposes of this provision shall mean that at the time Franchisee or Franchisor employs or seeks to employ the person, the former/current employer has given its written consent to the hiring employer to extend an offer of employment to that person. Any party who violates this provision agrees to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to 2 times the annual compensation that the person being hired away was receiving at the time the violating party offers him/her employment. The parties agree that this amount is for the damages that the non-violating party will suffer for the loss of the person hired away by the other party, including the costs of recruiting, hiring and training a new employee and for the loss of the services and experience of the employee hired away, and that it would be difficult to calculate with certainty the amount of damage the non-violating party will incur. Notwithstanding the foregoing, if a court determines that this liquidated damages penalty is unenforceable, then the non-violating party may pursue all other available remedies available at law or in equity. For purposes of this provision, "managerial position" shall mean any restaurant managers, whether exempt or non-exempt, who are shift leaders or above and any operations supervisory personnel, including area leaders, district managers, directors of operations, vice presidents of operation or equivalent operations positions.

#### 25. EFFECTIVE DATE

25.1 This Agreement shall be effective as of the date it is executed by Franchisor.

#### 26. ACKNOWLEDGMENTS

26.1 Franchisee acknowledges that Franchisee has received a complete copy of the El Pollo Loco® Disclosure Document, together with all exhibits, issuance date \_\_\_\_\_, at least 14 calendar days prior to the date on which this Agreement was executed by Franchisee or payment of any monies to Franchisor.

26.2 Franchisee acknowledges that it has read and understands this Agreement, the attachments thereto and the agreements relating thereto, if any, contained in the



Disclosure Document received by Franchisee on \_\_\_\_\_, and that Franchisor has accorded Franchisee ample opportunity and has encouraged Franchisee to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

26.3 The execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

26.4 Each individual executing this Agreement on behalf of Franchisee is duly authorized to do so, and this Agreement constitutes a valid and binding obligation of Franchisee.

26.5 Franchisee has entered into this Agreement in reliance on information in this Agreement, the Disclosure Document, and its own investigations, and did not rely on any promise, representation, statement, or undertaking made by Franchisor or Franchisor's representatives that is not included in this Agreement or the Disclosure Document or that is in conflict with any statement or representation in this Agreement or the Disclosure Document; in particular, Franchisee has not received or relied on any data, representation, projection, forecast, estimate, warranty, assurance, or other communication, expressed or implied, as to actual or potential sales volume, profit, or success of the Restaurant.

26.6 Franchisee understands and acknowledges the value to the System and to the uniform and ethical standards of quality, consistency, appearance, and service described in and required by the Operations Manual and the necessity of operating the franchised business under the standards set forth in the Operations Manual; and, Franchisee has the capabilities, professionally, financially and otherwise, to comply with the standards of Franchisor.

26.7 Franchisee has carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, has obtained, or had the opportunity to obtain, the advice of legal, financial, and business advisors in connection with the execution and delivery of this Agreement, understands the nature of this Agreement and the considerable effort to be expended on the part of Franchisee in order to satisfactorily perform their respective obligations hereunder, and Franchisee intends to comply herewith and be bound thereby.

26.8 Franchisee acknowledges and fully appreciates that the business contemplated by this Agreement involves significant risks and that any particular results depend largely on Franchisee's business abilities and efforts as well as external economic forces outside Franchisor's control; and, Franchisee acknowledges and fully appreciates that neither Franchisor nor any other person can assure any particular results.

26.9 Incorporated herein by this reference is all of the additional information provided by Franchisee to Franchisor as part of the application process pertinent to the grant of franchise evidenced by this Agreement. Franchisee acknowledges that Franchisor has relied on each item of such information in granting this franchise.

27. ANTI-TERRORISM LAW

27.1 Franchisee certifies that neither Franchisee or its employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224<sup>1</sup>. Franchisee promises not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee promises to comply with and assist Franchisor to the fullest extent possible in Franchisor’s efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of its property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws, and that Franchisee are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that Franchisee’s indemnification responsibilities as provided in this Agreement pertain to Franchisee’s obligations under this Section. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee or its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor’s Affiliates. “**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

28. SIGNATURES

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date first set forth above.

FRANCHISOR:  
**EL POLLO LOCO, INC.,**  
a Delaware Corporation

FRANCHISEE:

a \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

<sup>1</sup> <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.

**EXHIBIT 1 TO FRANCHISE AGREEMENT**

**PROCEDURES FOR RESOLVING DISPUTES RELATING TO  
THE DEVELOPMENT OF NEW RESTAURANTS**



**PROCEDURES FOR RESOLVING DISPUTES RELATING TO  
THE DEVELOPMENT OF NEW RESTAURANTS**

**(August 2013)**

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**PROCEDURES FOR RESOLVING DISPUTES  
RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**ARTICLE I  
STATEMENT OF PURPOSE; NATURE OF PROCEDURES**

**SECTION 1.1. Statement of Purpose.** Disputes may arise between EPL, its franchisees and its prospective franchisees concerning the development of new restaurants near existing restaurants. The objectives of the alternative dispute resolution procedures described in this document are first, to initiate open communication between EPL, its franchisees and its prospective franchisees in order to avoid disputes concerning the development of new restaurants, and second, to resolve disputes concerning the development of new restaurants without resorting to litigation.

**SECTION 1.2. Nature of Procedures.** The alternative dispute resolution procedures described in these procedures are private and consensual proceedings and constitute the sole and exclusive rights and remedies for those EPL franchisees party to these procedures with respect to New Restaurant Disputes (as that term is defined below). Neither such alternative dispute resolution procedures nor any notice request or other communication delivered in connection with alternative dispute resolution procedures constitutes an admission of any wrongdoing.

**ARTICLE II  
DEFINITIONS**

“**ADR Deposit**” means a deposit in the amount of two thousand five hundred (\$2,500) United States Dollars.

“**ADR Procedures**” means, collectively, the alternative dispute resolution procedures described herein, as they may be modified from time to time, including negotiation, Mediation and the Arbitration Procedures.

“**Allowable Transfer Factor**” has the meaning specified in Section 7.6.2.

“**Arbitration Agreement**” means an agreement, substantially in the form of Exhibit B, whereby all parties thereto agree to resolve the New Restaurant Dispute through the ADR Procedures set forth in Articles VI and VII.

“**Arbitration Procedures**” means the arbitration procedures described in Article VII.

“**Arbitration Proceedings**” has the meaning specified in Section 7.1.

“**Arbitration Session**” means an informal arbitration session conducted by the Arbitrator.

“**Arbitrator**” means an arbitrator selected pursuant to, Section 7.2.1.

“**Designated Representative**” means an employee of EPL designated by EPL to participate in the meetings required herein.

“**Developer**” means either EPL or a new or proposed franchisee (whether or not a party to an EPL Development Agreement) that desires to develop a New Restaurant at a Target Site.

“**Dispute Resolution Entity**” means JAMS or another third party dispute resolution organization designated by EPL and consented to by Objecting Franchisee and the Developer (if other than EPL), which consent shall not be unreasonably withheld, which is qualified to create a panel of mediators and arbitrators.

“**EPL**” means El Pollo Loco, Inc., a Delaware corporation.

“**Existing Site**” means the specific site approved by EPL for the operation of an Objecting Franchisee’s El Pollo Loco® restaurant and which is described in a Franchise Agreement between the Objecting Franchisee and EPL.

“**Gross Percentage**” has the meaning specified in Section 7.6.4.

“**Independent Consultant**” means one of several independent suppliers identified by EPL who are experienced in analyzing demographics and predicting the transfer of sales from an existing restaurant to a new restaurant.

“**JAMS**” means J.A.M.S./Endispute, a California corporation, organized to resolve business disputes without resorting to litigation.

“**Mediation**” means the procedure of mediation described in Article VI.

“**Mediation Meeting**” means an informal mediation session held before the Mediator pursuant to Section 6.4.

“**Mediator**” means a mediator selected pursuant to Section 6.3.

“**New Restaurant**” means a proposed restaurant to be developed at a Target Site.

“**New Restaurant Dispute**” means a dispute among any Objecting Franchisee and Developer concerning the development of a New Restaurant at a Target Site, including any claims asserted by such Objecting Franchisee relating to encroachment or an unreasonable impact on sales.

“**New Restaurant Rights**” means that right of an Objecting Franchisee to locate a Target Site for a New Restaurant within the Target Area.

“**Notification Radius**” means, with respect to each Existing Site, the lesser of (a) two (2) miles radiating from the Existing Site or (b) the area within a ring radiating out from the location of such Existing Site which contains, by U.S. Government Bureau of Census survey, a population of at least 30,000 people.

The Notification Radius in prior forms of Franchise Agreements for Existing Sites (“Prior Notification Radius”) may be different than described above. If so, that Prior Notification Radius will control with respect to those Existing Sites.

“**Notification Radius Franchisees**” means all EPL franchisees who own or lease an Existing Site for which a Target Site falls within such franchise restaurant’s Notification Radius and who have entered into a Franchise Agreement with EPL for such Existing Site which contains the ADR Procedures.

“**Objecting Franchisee**” means any Notification Radius Franchisee that submits an objection Notice pursuant to Section 3.1.2.

“**Objection Notice**” means a notice submitted by a Notification Radius Franchisee to EPL of its objection to the development of a New Restaurant on the grounds of “unreasonable impact” and which conforms to the requirements set forth at Section 3.1.2.

“**Preliminary Meeting**” has the meaning specified in Section 3.1.2 (a).

“**Pre-Mediation Negotiations**” means good faith negotiations between EPL, Developer (if other than EPL) and an Objecting Franchisee occurring prior to Mediation.

“**Prior Notification Radius**” means the Notification Radius in prior forms of Franchise Agreements for Existing Sites.

“**Reduced Profit**” has the meaning specified in Section 7.6.4.

“**Royalty Deferral**” means the conditional deferral of payment of EPL royalty fees (but not advertising fees, such advertising fees to remain payable during such period of conditional deferral) payable under the Franchise Agreement for the Objecting Franchisee’s restaurant pursuant to Section 4.2.

“**Impact Analysis**” means a trade area study prepared by an Independent Consultant analyzing the impact, if any, that a New Restaurant may have on an Objecting Franchisee’s EPL Restaurant.

“**Impact Analysis Deposit**” means a deposit in the amount of five thousand United States Dollars (\$5,000.00).

“**Target Area**” means an area with distinct geographic boundaries as agreed upon by EPL and Franchisee, such boundaries to be no greater than a two mile radius.

“**Target Site**” means a specific site for the development of a New Restaurant.

“**Transferred Sales**” has the meaning specified in Section 7.6.4.

“**Year Factor**” means a factor selected by the Arbitrator which will not be (a) less than one (1) or (b) greater than eight (8).

**ARTICLE III**  
**PRE-DEVELOPMENT COMMUNICATION**

**SECTION 3.1. Procedures Prior to Development of New Restaurant.**

3.1.1. When a Target Site for a New Restaurant is identified by EPL (whether or not at the request of a Developer other than EPL), EPL will notify all Notification Radius Franchisees. If the New Restaurant is to be developed by a Developer other than EPL, EPL will also provide Developer’s address to all Notification Radius Franchisees for notice purposes.

3.1.2. If any Notification Radius Franchisee wishes to object to the New Restaurant on the grounds of “unreasonable impact,” it will submit to EPL (and to Developer, if other than EPL, at the address provided by EPL pursuant to Section 3.1.1, above) an Objection Notice within fifteen (15) days of its receipt of the notice given by EPL pursuant to Section 3.1.1 above. The Objection Notice must be in writing and specifically identify the Existing Site and state the reasons why the New Restaurant will unreasonably impact the Objecting Franchisee’s franchise restaurant at the Existing Site. The Objection Notice must also include a summary report, in the form attached hereto as Exhibit A, which sets forth such information as the Objecting Franchisee believes is relevant to EPL’s decision on whether a New Restaurant should be developed at a Target Site. Notwithstanding the foregoing, a Notification Radius Franchisee shall not be entitled to submit an Objection Notice or otherwise proceed hereunder if such franchisee or its affiliate will own directly or indirectly any interest in the New Restaurant or the entity owning the New Restaurant. In addition, an Objecting Franchisee’s rights hereunder shall automatically terminate with respect to any franchise restaurant located within a Notification Radius if the Franchise Agreement for such restaurant is terminated by EPL or such Objecting Franchisee for any reason.

- (a) Within fifteen (15) days after receipt by EPL and Developer (if other than EPL) of an Objecting Franchisee’s Objection Notice, such Objecting Franchisee and a representative of EPL, and Developer (if other than EPL) will meet at the then-headquarters of EPL (the “**Preliminary Meeting**”). At such Preliminary Meeting the participants will review the objections of the Objecting Franchisee and attempt to resolve any New Restaurant Dispute.
- (b) (i) If, at or after the Preliminary Meeting between EPL, Objecting Franchisee, and Developer (if other than EPL), EPL or Developer (if other than EPL) elects to continue with the development of the New Restaurant, EPL shall give to the Objecting Franchisee (and if Developer is other than EPL, to EPL) following such Preliminary Meeting a written notification of that decision. Thereafter, the Objecting Franchisee may request an Impact Analysis for each of its franchise

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restaurants located at Existing Sites within the Notification Radius and that the results of each such Impact Analysis be considered by EPL and Developer (if other than EPL) prior to making a final decision with regard to the New Restaurant. The Objecting Franchisee will cooperate with all reasonable requests for information by EPL, Developer (if other than EPL) and the Independent Consultant in the preparation of each Impact Analysis.

(ii) If an Objecting Franchisee requests an Impact Analysis, the Objecting Franchisee and Developer (if other than EPL) will initially bear the cost of such Impact Analysis subject to their individual right to a refund of such amounts or a portion thereof pursuant to Section 3.1.2(b)(iv) below. If the New Restaurant is to be developed by EPL, the Objecting Franchisee will deposit with EPL, within five (5) business days of its receipt of the notification from EPL described at Section 3.1.2(b)(i) above, an Impact Analysis Deposit for each of such Objecting Franchisee's restaurants for which an Impact Analysis is requested to be held in escrow by EPL. EPL will, upon receipt of the Impact Analysis Deposit for an existing franchise restaurant of an Objecting Franchisee, order an Impact Analysis from the Independent Consultant for such franchise restaurant. If the New Restaurant is to be developed by a Developer other than EPL, Objecting Franchisee and that Developer will, within five (5) business days of the notification provided by that Developer described at Section 3.1.2(b)(1) above, deposit with EPL an Impact Analysis Deposit for each of the Objecting Franchisee's restaurants for which an Impact Analysis is requested. EPL will, upon receipt of the Impact Analysis Deposits from the Objecting Franchisee and the Developer for an existing franchise restaurant of an Objecting Franchisee, order an Impact Analysis from the Independent Consultant for such franchise restaurant. A copy of the results of such Impact Analysis (whether the New Restaurant is to be developed by EPL or a Developer other than EPL) will be forwarded directly to the Objecting Franchisee, EPL and Developer (if other than EPL) by the Independent Consultant. The failure by the Objecting Franchisee (in a case where the New Restaurant is to be developed by EPL) or the failure by either the Objecting Franchisee or the Developer (in a case where the New Restaurant is to be developed by a Developer other than EPL) to deposit with EPL the Impact Analysis Deposit within the allotted time frame will relieve EPL of any obligation to order the Impact Analysis for such franchise restaurant and/or allow EPL to delay its decision with regard to the New Restaurant as provided below.

(iii) If the New Restaurant is to be developed by EPL, upon receipt of an Impact Analysis Deposit from the Objecting Franchisee for an existing franchise restaurant, EPL will delay announcing any final decision to proceed with the New Restaurant until the fifth business day after the results of the Impact Analysis have been submitted to EPL and the Objecting Franchisee. If the New Restaurant is to be developed by a Developer other than EPL, EPL will delay such announcement until the fifth (5th) business day after the results of the Impact Analysis have been submitted to EPL, such Developer and the Objecting Franchisee. During such five (5) business day period, EPL, Developer (if other than EPL) and the Objecting Franchisee will consider the results of the Impact Analysis.

Analysis in determining whether to continue developing the New Restaurant, in the case of EPL or a Developer (if other than EPL), or pursuing its objection, in the case of the Objecting Franchisee.

(iv) If the New Restaurant is to be developed by EPL and the Impact Analysis relating to an existing franchise restaurant of the Objecting Franchisee projects a transfer of sales from the Objecting Franchisee's restaurant to the New Restaurant of twelve percent (12%) or more, EPL will refund the Impact Analysis Deposit relating to such restaurant to the Objecting Franchisee and EPL will bear the cost of such Impact Analysis. If such projected transfer of sales is less than twelve percent (12%), such Impact Analysis Deposit will be applied against the cost of such Impact Analysis, and either (A) any shortfall between such Impact Analysis Deposit and the actual cost of the Impact Analysis will be paid immediately by the Objecting Franchisee or (B) any balance in the Impact Analysis Deposit after payment of the cost of the Impact Analysis will be returned to the Objecting Franchisee. If the New Restaurant is to be developed by a Developer (other than EPL), and the Impact Analysis relating to an existing franchise restaurant of the Objecting Franchisee projects a transfer of sales from the Objecting Franchisee's restaurant to the New Restaurant of twelve percent (12%) or more, EPL will refund the Impact Analysis Deposit initially paid by the Objecting Franchisee to the Objecting Franchisee and the Impact Analysis Deposit initially paid by Developer (other than EPL) will be applied against the cost of the Impact Analysis, and either (A) any shortfall between the Impact Analysis Deposit initially paid by such Developer and the actual cost of the Impact Analysis will immediately be paid by such Developer or (B) any balance in the Impact Analysis Deposit after payment of the cost of the Impact Analysis will be returned to such Developer. If such projected transfer of sales is less than twelve percent (12%), EPL will refund the Impact Analysis Deposit initially paid by the Developer (other than EPL) to such Developer, and the Impact Analysis Deposit initially paid by the Objecting Franchisee will be applied against the cost of the Impact Analysis, and either (A) any shortfall between the Impact Analysis Deposit and the actual cost of the Impact Analysis will immediately be paid by the Objecting Franchisee or (B) any balance in the Impact Analysis Deposit after payment of the cost of the Impact Analysis will be returned to the Objecting Franchisee.

(v) The Objecting Franchisee, EPL and Developer (if other than EPL), agree that the results of any Impact Analysis and the twelve percent (12%) threshold specified in Section 3.1.2 (b)(iv) above are not determinative of any matter other than for the determination of which participant bears the cost of such Impact Analysis, whether the Objecting Franchisee qualifies for Royalty Deferral and interim financial support as set forth in Sections 4.2 and 4.3.2 below and for EPL's determination as set forth in Section 3.1.3. below, and may not be used for any other purposes in connection with the New Restaurant Dispute, including Mediation or the Arbitration Procedures.

3.1.3. After consideration of the information obtained by and/or provided to EPL concerning the New Restaurant and its projected impact, if any, on the Objecting

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Franchisee's restaurant, including the Impact Analysis, if applicable, and if Developer (if other than EPL) has indicated to EPL a desire to proceed with the development of the New Restaurant, before EPL approves a Target Site for development, EPL will notify in writing all Objecting Franchisees and Developer (if other than EPL) that EPL will either:

- (a) not approve the Target Site; or
- (b) grant to an Objecting Franchisee the New Restaurant Rights; or
- (c) approve the development of a New Restaurant at the Target Site by the Developer as proposed.

Notwithstanding anything contained herein to the contrary, including the right of a Notification Radius Franchisee to submit an Objection Notice, EPL at all times retains the absolute and unilateral right to elect any of the options specified in Clause (a), (b) or (c) above, including, specifically, the right to approve the development of a New Restaurant.

3.1.4 If EPL grants to an Objecting Franchisee the New Restaurant Rights in accordance with Section 3.1.3(b) above, such Objecting Franchisee will have fifteen (15) days after receipt of the notice given under Section 3.1.3 to (i) accept the New Restaurant Rights by executing and delivering to EPL an Agreement identifying the Target Area for the New Restaurant, and such other terms as may reasonably be agreed upon by the parties; and (ii) reimburse EPL or Developer (if other than EPL) for the cost of the Impact Analysis (if either EPL or Developer had paid for the Impact Analysis). Objecting Franchisee will have the right, but not the obligation, to accept the New Restaurant Rights. If such Objecting Franchisee declines to accept the New Restaurant Rights, such Objecting Franchisee will not be deemed to have waived any rights to participate in the ADR Procedures.

Following the execution by Objecting Franchisee of the Agreement referenced in this Section 3.1.4, the Developer will be treated as a Notification Radius Franchisee if it operates a restaurant at an Existing Site and has executed a Franchise Agreement for that site containing the ADR Procedures meeting the criteria specified in the definition thereof.

3.1.5 If the New Restaurant is to be developed by a Developer other than EPL and EPL elects the option at Section 3.1.3(c), above, Developer has thirty (30) days after receipt of the Section 3.1.3 notification, to notify EPL and Objecting Franchisee(s) of its decision whether to develop the New Restaurant.

### **SECTION 3.2. New Restaurant Site in Jeopardy.**

3.2.1. On occasion, the Developer must commit to acquire a Target Site for a New Restaurant prior to the results of the Impact Analysis becoming available. In such cases, the Target Site for such New Restaurant may be considered by EPL to be "in jeopardy".

3.2.2. A Target Site may be considered “**In Jeopardy**” by EPL if, in its reasonable judgment:

- (a) the Site for the New Restaurant identified by the Developer is available for development by others for uses other than as an El Pollo Loco® restaurant;
- (b) the Site for the New Restaurant identified by the Developer is likely to become unavailable for development as an El Pollo Loco® restaurant due to any delay caused by the preparation of the Impact Analysis; or
- (c) there is not an economically comparable alternative site available within the geographic area surrounding the Target Site.

EPL may also consider any other relevant information in making its determination.

3.2.3. If EPL determines that a Target Site is “In Jeopardy”, EPL may develop or permit development by a Developer of such site without waiting for the results of the Impact Analysis. If EPL so elects (or, if EPL permits a Developer to develop and the Developer decides to do so), each Objecting Franchisee who has satisfied the requirements at Section 4.1.1 and Sections 4.1.3 through 4.1.5 below will be treated as if an Impact Analysis had been conducted showing results in excess of twelve percent (12%), and such Objecting Franchisee will be entitled to (a) Royalty Deferral, as defined in Section 4.2 below, and (b) quarterly meetings together with, if applicable, financial support, as described in Section 4.3 below.

#### **ARTICLE IV FINANCIAL SUPPORT DURING ADR PROCEDURES**

**SECTION 4.1. Conditions Precedent.** The provisions of Sections 4.2 and 4.3 will apply with respect to an Objecting Franchisee if all of the following conditions are met:

- 4.1.1. Such Objecting Franchisee requests an Impact Analysis and, if required by Section 3.1.2(b)(ii) above, timely delivers the Impact Analysis Deposit.
- 4.1.2. The Impact Analysis projects a transfer of sales from such Objecting Franchisee’s restaurant to the New Restaurant of twelve percent (12%) or more of the Objecting Franchisee’s sales or, if a Target Site is in jeopardy, EPL makes an election pursuant to Section 3.2.3 to develop the New Restaurant (or, EPL permits a Developer to develop the New Restaurant and the Developer decides to do so).
- 4.1.3. Such Objecting Franchisee is not granted the New Restaurant Rights.
- 4.1.4. Such Objecting Franchisee elects to pursue the ADR Procedures.
- 4.1.5. The New Restaurant opens for business.

**SECTION 4.2. Royalty Deferral.** If each of the conditions listed in Section 4.1 above have been met with respect to an Objecting Franchisee and if the Objecting Franchisee requests in writing, then commencing on the tenth (10th) day of the first (1st) calendar month following the opening of the New Restaurant, such Objecting Franchisee will be entitled to Royalty Deferral. The Royalty Deferral will apply to the royalty fees payable in respect of any month for which a decrease in sales, as compared to the same calendar month in the preceding calendar year, has occurred and will remain in effect until the conclusion of the ADR Procedures concerning the New Restaurant. The Royalty Deferral will be discontinued if Franchisee does not comply with each of the requirements of or otherwise discontinues its participation in the ADR Procedures. The granting of such Royalty Deferral or the making of a loan described in Section 4.3. below shall not be admissible as evidence or otherwise brought before the Mediator or the Arbitrator in any mediation or arbitration nor be deemed proof of an “unreasonable impact.”

**SECTION 4.3. Quarterly Meetings.**

4.3.1. As a further condition to an Objecting Franchisee’s right to continue to receive Royalty Deferral pursuant to Section 4.2, each Objecting Franchisee and a Designated Representative will engage in quarterly meetings. In addition, in order for the Objecting Franchisee to continue to receive such Royalty Deferral, at least five (5) business days prior to each such meeting, such Objecting Franchisee will submit in writing to the Designated Representative (i) an up-to-date profit and loss statement, balance sheet and gross sales report for the trailing 12-month period and (ii) all other information and data relevant to the operation, sales and/or profits of such Objecting Franchisee’s restaurant, including any sales promotion activities.

4.3.2. If it is determined by both the Objecting Franchisee and the Designated Representative that additional financial support is necessary to enable the Objecting Franchisee to generate additional net cash flow in the current year from the operation of such Objecting Franchisee’s restaurant, EPL will loan to such Objecting Franchisee, with no interest, amounts to be determined by EPL to be sufficient to assist such Objecting Franchisee to achieve such additional net cash flow but not to exceed the net cash flow level obtained in the preceding year for the comparable period. Such Objecting Franchisee will execute one or more demand promissory notes, in the form of Exhibit C, evidencing such loan amounts.

4.3.3. If such Objecting Franchisee receives an award pursuant to Section 7.6.3 below or if the participants reach an agreement as set forth in Section 6.1.1, 6.7.2 or 7.5.3 below, and if EPL is required by either the award or such agreement to make a payment to the Objecting Franchisee, the amount to be paid to such Objecting Franchisee by EPL pursuant to such Sections will be decreased by (a) the aggregate amount deferred as Royalty Deferrals pursuant to Section 4.2 above plus (b) the aggregate unpaid principal amount of all loans made pursuant to Section 4.3.2 above. If such Objecting Franchisee does not receive an award to be paid by EPL (i.e., either no award or an award to be paid by a Developer other than EPL), Objecting Franchisee must pay Franchisor the aggregate amount deferred as Royalty Deferrals within ten (10) days of receipt of the ruling and pay Franchisor in accordance with the loan documents the

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aggregate unpaid principal amount of all loans made pursuant to Section 4.3.2 (unless an agreement as set forth in Section 6.1.1, 6.7.2 or 7.5.3 below modifies these obligations).

## ARTICLE V INITIATION OF ADR PROCEDURES

### SECTION 5.1. Initiation of ADR Procedures.

5.1.1. If EPL or Developer (if other than EPL) elects to develop the New Restaurant, then any Objecting Franchisee, EPL and the Developer (if other than EPL) shall proceed with premeditation negotiations and, if necessary, mediation described in Article VI.

5.1.2. Upon conclusion of mediation as set forth in Section 6.8.1, such Objecting Franchisee may elect to proceed with the Arbitration Procedures. If such Objecting Franchisee elects not to proceed under the Arbitration Procedures, it shall withdraw from the ADR Procedures in the manner provided for at Section 5.3. If such Objecting Franchisee elects to proceed with the Arbitration Procedures, such Objecting Franchisee, EPL, and the Developer (if other than EPL) shall sign an Arbitration Agreement. At the time of the signing of the Arbitration Agreement by such Objecting Franchisee, such Objecting Franchisee will deposit with EPL the ADR Deposit to be held in escrow by EPL. The ADR Deposit will either be (a) applied against the costs and expenses of the Arbitration Sessions, (b) returned to such Objecting Franchisee pursuant to the Arbitrator's decision, or (c) applied pursuant to the agreement of the participants. If such Objecting Franchisee elects to withdraw from the ADR Procedures and release EPL and Developer (if other than EPL) as to the claims relating to or arising out of the New Restaurant Dispute at any time prior to the appointment of the Arbitrator, the ADR Deposit (less any sums expended or committed to be expended by EPL in connection with the ADR Procedures) will be returned to such Objecting Franchisee. The failure of such Objecting Franchisee to execute the Arbitration Agreement or to deposit with EPL the ADR Deposit in a timely manner will relieve EPL and Developer (if other than EPL), at EPL's sole discretion, of any obligation to resolve the New Restaurant Dispute through the ADR Procedures and will be deemed a waiver by an Objecting Franchisee of its rights hereunder.

5.1.3 Notwithstanding the text of these ADR Procedures, if the New Restaurant is to be developed by a Developer other than EPL, EPL has the right, but not the obligation, to participate in the ADR Procedures as described in Sections 5 through 7 (including, but not limited to, Pre-Mediation Negotiation, Mediation Meeting, Mediation, and Arbitration Proceedings).

**SECTION 5.2. Monitoring Period.** After the New Restaurant is opened for business, each of EPL and the Objecting Franchisee, at its own cost, will independently monitor the performance of such Objecting Franchisee's restaurant for a period not to exceed twelve (12) months.

**SECTION 5.3 Withdrawal from ADR Procedures.** An Objecting Franchisee may, at any time, withdraw from the ADR Procedures upon delivery of a withdrawal notice to EPL and Developer (if other than EPL) and upon such withdrawal, an Objecting Franchisee will be deemed to release EPL and Developer (if other than EPL) as to the claims relating to or arising out of the New Restaurant Dispute.

## **ARTICLE VI NEGOTIATION/MEDIATION PROCEDURES**

### **SECTION 6.1. Pre-Mediation Negotiations.**

6.1.1. EPL, Objecting Franchisee and Developer (if other than EPL) will attempt, in good faith, to resolve any New Restaurant Dispute by Pre-Mediation Negotiation. Pre-Mediation Negotiation must be concluded no later than forty-five (45) days following the first year anniversary of the opening of the New Restaurant.

6.1.2. If the New Restaurant Dispute has not been resolved by negotiation prior to commencement of Mediation as set forth below, the participants will submit the New Restaurant Dispute to Mediation.

### **SECTION 6.2. Mediation Commencement.**

6.2.1. Mediation will be mandatory and non-binding.

6.2.2. If the New Restaurant Dispute is resolved at the Preliminary Meeting, in the Pre-Mediation Negotiations or otherwise, Mediation will be unnecessary. If, however, the New Restaurant Dispute remains unresolved, Mediation will commence following the opening of the New Restaurant within the time period set forth at Section 6.4.2.

**SECTION 6.3. Mediator Selection.** Subject to the provisions relating to mediators in Section 8.1, a mediator will be selected by the participants not later than one hundred eighty (180) days after the opening of the New Restaurant from a panel of three (3) candidates selected by the Dispute Resolution Entity from the region where the Target Site is located. If the participants cannot agree on the selection of a mediator from such panel, then the Dispute Resolution Entity will select a mediator from its other panel members (but not from such panel of three candidates) residing in the region where the Target Site is located.

### **SECTION 6.4. Mediation Meeting.**

6.4.1. A Mediation Meeting will be held at a place and at a time agreeable to EPL, such Objecting Franchisee, Developer (if other than EPL) and the Mediator. The Mediator will determine and control the format and procedural aspects of the Mediation Meeting which will be designed to ensure that both the Mediator and the participants have an opportunity to hear an oral presentation of the other participants' views on the New Restaurant Dispute. The participants agree to cooperate in all respects with the Mediator. The participants will attempt to resolve the New Restaurant Dispute with the assistance of the Mediator.

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6.4.2. The Mediation Meeting will be conducted not less than sixty (60) days nor more than one hundred twenty (120) days following the first anniversary of the opening of the New Restaurant.

6.4.3. The Mediator will be free to meet and communicate separately with each participant.

6.4.4. In the event that any participant requires a substantial amount of information in the possession of the other participant in order to adequately prepare for the Mediation Meeting, the participants will attempt, in good faith, to agree on procedures for the expeditious exchange of such information. If the participants fail to agree on such procedures, the Mediator will determine such procedures and which documents and information will be exchanged.

6.4.5. Each participant may be represented by one or more other persons, including its counsel, one or more of its business persons, an accountant and a financial consultant. At least one representative of each participant must have the authority to negotiate a settlement of the New Restaurant Dispute.

**SECTION 6.5. Privileges of the Mediator.**

6.5.1. The Mediator may freely express his views to the participants on the legal issues unless a participant objects to his doing so.

6.5.2. The Mediator may obtain assistance and independent expert advice with the agreement of the participants and at the participants' expense (which will be shared evenly among the participants).

6.5.3. The Mediator will not be liable for any act or omission in connection with the role of mediator, other than for his or her gross negligence or willful misconduct.

**SECTION 6.6. Information Requested by Mediator.**

6.6.1. The Mediator may request that the participants present, and each participant may elect to submit, a written summary of the New Restaurant Dispute to the Mediator with such additional information as the Mediator deems necessary to become familiar with the New Restaurant Dispute.

6.6.2.1 The Mediator may raise legal questions and arguments.

**SECTION 6.7. Settlement through Mediation.**

6.7.1. If the participants have failed to reach an acceptable settlement prior to the end of the Mediation Meeting, the Mediator, before concluding the Mediation Meeting, may submit to the participants a settlement proposal based on the same considerations



to be used by an Arbitrator as set forth in Article VII which the Mediator deems to be equitable to all participants. Each of the participants will, in good faith, evaluate the proposal and discuss it with the Mediator. In the event that a settlement is not reached, neither the terms of the proposed settlement nor either party's refusal to agree thereto shall be admissible in the Arbitration Proceedings nor brought before the Arbitrator in any way.

6.7.2. If a settlement is reached, the Mediator, or one of the participants at the request of the Mediator, will prepare a settlement agreement for execution by the participants. Such settlement agreement will be edited as necessary by all participants until it is mutually acceptable. When a mutually acceptable settlement agreement is completed, each participant will execute and deliver such settlement agreement.

#### **SECTION 6.8. Conclusion of Mediation.**

6.8.1. The participants will cooperate and continue to mediate until the Mediator terminates the Mediation. The Mediator will terminate the Mediation upon the earlier of (i) execution of a settlement agreement, (ii) a declaration by the Mediator that the Mediation is terminated, or (iii) completion of a full day Mediation Meeting unless extended by agreement of the participants.

6.8.2. If an Objecting Franchisee has elected to proceed to arbitration, the participants will proceed according to the Arbitration Procedures. If an Objecting Franchisee does not elect to proceed to arbitration, it shall withdraw from the ADR Procedures in the manner provided for, and under the terms, at Section 5.3.

### **ARTICLE VII ARBITRATION**

**SECTION 7.1. Initiating Arbitration.** The arbitration proceedings (the "**Arbitration Proceedings**") will be formally initiated by the execution of the Arbitration Agreement as provided in Section 5.1.2. Such Arbitration Agreement must be executed by the Objecting Franchisee and Developer (if other than EPL) and delivered to EPL within ten (10) days following the conclusion of the Mediation. Each Objecting Franchisee whose claim relates to the same Target Site is entitled to a separate Arbitration Session although the Arbitrator for each Arbitration Session will be the same.

#### **SECTION 7.2. Arbitrator Selection and Duties.**

7.2.1. A panel of three (3) arbitrator candidates from the general geographic area where the Target Site is located will be submitted to the participants not later than ten (10) days after the conclusion of the Mediation by the Dispute Resolution Entity. The participants will attempt to agree on an arbitrator from the panel not later than thirty (30) business days after the execution of the Arbitration Agreement. If the participants cannot agree on an arbitrator from such three member panel, then the Dispute Resolution Entity will select the arbitrator from its other panel members (but not from such panel of three candidates) residing in the region where the Target Site is located. If

the New Restaurant Dispute includes more than one Objecting Franchisee and such Objecting Franchisees cannot mutually agree on an arbitrator, each Objecting Franchisee will select one arbitrator from the panel of three candidates and the Dispute Resolution Entity will make a random selection from those arbitrator candidates selected by the Objecting Franchisees as to which arbitrator candidate will serve as such Objecting Franchisees' selection.

7.2.2. The Arbitrator will assume the duties and functions described in this Article VII and perform them in accordance with the procedures set forth herein. The Arbitrator will also perform any additional duties and functions on which the participants and the Arbitrator hereafter agree. The Arbitrator will execute an Arbitrator Retention Agreement, substantially in the form of **Exhibit D**.

7.2.3. Except as specifically provided for in this Article VII or as agreed upon by the participants, no participant, nor anyone acting on its behalf, will separately communicate with the Arbitrator on any matter of substance.

7.2.4. The Arbitrator will promptly notify the participants to the Arbitration Agreement and the Dispute Resolution Entity of his/her unavailability to conduct the Arbitration Session, in which case a replacement Arbitrator will be selected by the participants. If the participants cannot agree on a replacement Arbitrator within the time specified by the Dispute Resolution Entity, then the Dispute Resolution Entity will select the replacement Arbitrator from its other members (but not from the original panel of three candidates) residing in the region where the Target Site is located.

### **SECTION 7.3. Disclosures.**

7.3.1. Not later than forty-five (45) days after the Objecting Franchisee's and Developer's execution and delivery of the Arbitration Agreement, each participant will send a summary of its position to the Arbitrator for the purpose of familiarizing the Arbitrator with the facts and issues in the New Restaurant Dispute with a copy being provided simultaneously to the other participants. The participants will comply promptly with any requests by the Arbitrator for additional documents or information relevant to the New Restaurant Dispute.

7.3.2. The participants will attempt, in good faith, to agree on a plan for reasonably necessary, expeditious discovery, including the deposition of any expert or other witness of any other participant. If they fail to agree, any participant may request a joint meeting (by telephone) with the Arbitrator, who will assist the participants in agreeing on a discovery plan. In the absence of an agreement by the participants, a discovery plan will be implemented by the Arbitrator.

7.3.3. Before the Arbitration Session, at a time mutually agreed upon by the participants but not later than thirty (30) days prior to the date set for the Arbitration Session, all participants will exchange, and submit to the Arbitrator, all documents and exhibits on which the participants intend to rely during the Arbitration Session. In addition, the participants will exchange, and submit to the Arbitrator, a brief that will include the following: (a) a summary of all expert witness opinions to be expressed and

the basis for such opinions, including the data or other information relied upon in forming such opinions; (b) the qualifications of any expert witness, including education and employment history and a listing of other matters in which the expert witness has testified as an expert; and (c) a summary of the statements to be made by such participant during the Arbitration Session. The brief will not exceed fifteen (15) pages, single-spaced or thirty (30) pages, double-spaced.

7.3.4. Each participant is under a duty to reasonably supplement or correct its disclosures and submissions if such participant obtains information on the basis of which it knows that the information previously disclosed was either incomplete or incorrect when made or is no longer complete or true. The Arbitrator will, upon request of an aggrieved participant, grant such appropriate non-monetary relief to assure that these disclosure procedures are followed and that adequate pre-Arbitration Session disclosure and submissions are made as required by Section 7.3.2 and 7.3.3.

#### **SECTION 7.4. Arbitration Session.**

7.4.1. Not later than forty-five (45) days after execution of the Arbitration Agreement, the participants and the Arbitrator will establish the date, which will not be later than ninety (90) days after execution of the Arbitration Agreement, and time of the Arbitration Session during which each participant will make an oral presentation to the Arbitrator concerning the New Restaurant Dispute. The Arbitration Session will be held before the Arbitrator at such location as is agreed to by the participants, or failing such agreement on such location, as specified by the Arbitrator.

7.4.2. During the Arbitration Session, each participant will make an oral presentation of its case and each other participant will be entitled to a rebuttal.

7.4.3. The order of oral presentations and rebuttals will be determined by agreement between the participants, or failing such agreement, by the Arbitrator. In order to allow each participant reasonable opportunity to present his position, but with the express objective of reasonable brevity in mind, unless otherwise agreed to by the participants: (a) each participant's oral presentation will not exceed two (2) hours, (b) each participant will have no more than one (1) hour within which to question the other participant and its witnesses, and (c) each participant's rebuttal will not exceed one (1) hour. As long as each participant is treated equally, the Arbitrator may extend or shorten such time periods, provided that the Arbitration Session will not exceed two (2) full days unless otherwise agreed to by the participants. The oral presentation, questioning of participants and their witnesses and rebuttal of any participant will not be interrupted by any other participant except the Arbitrator.

7.4.4. The Arbitrator will conduct and moderate the Arbitration Session. The oral presentations and rebuttals of each participant may be made in any form, and by any individual, as desired by such participant. Presentations by fact witnesses and expert witnesses will be permitted. No rules of evidence, including rules of relevance, will apply at the Arbitration Session, except that no witness or participant will be required to disclose privileged communications or the advice and/or work product of an attorney. Witnesses will be required to testify under oath or affirmation.

7.4.5. Following each oral presentation by a participant, the Arbitrator may ask questions of such participant, its counsel or any other persons appearing on its behalf. Following the Arbitrator having the opportunity to ask questions, any other participant or its representatives, including counsel, may ask questions of such participant, its counsel and any other persons appearing on its behalf which relate to the areas inquired about by the Arbitrator.

7.4.6. Each participant will be represented by at least one (1) member of its management at the Arbitration Session who has authority to settle the Dispute. In addition to legal counsel, each participant may have other advisors in attendance at the Arbitration Session, provided that notice is given to all participants and the Arbitrator of the identity of such advisors at least five (5) days before commencement of the Arbitration Session.

#### **SECTION 7.5. Management Negotiations.**

7.5.1. At the conclusion of the rebuttals, the management representatives of each participant will meet one or more times to try to agree on a resolution of the New Restaurant Dispute.

7.5.2. The Arbitrator will control these negotiations. At the discretion of the Arbitrator and with the agreement of the participants, negotiations may proceed in the absence of counsel.

7.5.3. If a settlement is reached, the Arbitrator, or one of the participants at the request of the Arbitrator, will prepare a settlement agreement for execution by the participants. Such settlement agreement will be edited as necessary by all participants until it is mutually acceptable. When a mutually acceptable settlement agreement is completed, each participant will execute and deliver such settlement agreement. Upon the execution and delivery of a settlement agreement, such settlement agreement will be legally binding on the participants and specifically enforceable by any court of competent jurisdiction.

#### **SECTION 7.6. Arbitration Award.**

7.6.1. If the participants do not resolve the New Restaurant Dispute as a result of the negotiations between management representatives as facilitated by the Arbitrator, then the Arbitrator will declare an impasse and render a decision or an award as provided below. The declaring of an impasse is within the sole discretion of the Arbitrator. The decision or award of the Arbitrator will be in writing, dated and signed by the Arbitrator and will identify the prevailing participant and the amount of the award, if any, due to the Objecting Franchisee. The Arbitrator will deliver a copy of the decision or award to each participant either personally or by registered or certified mail not later than thirty (30) days after the conclusion of the Arbitration Session.

7.6.2. In rendering its decision or award, the Arbitrator will consider evidence from the participants as to what percentage decrease, if any, in the annual gross sales and

profits of the Objecting Franchisee's restaurant was reasonable under the circumstances (the "**Allowable Transfer Factor**"). The participants may agree on an Allowable Transfer Factor to be applied by the Arbitrator in determining an award, if any, below.

7.6.3. The decision or award of the Arbitrator will be one of the following:

- (a) A decision that the New Restaurant has not directly or proximately caused a reduction in the annual gross sales of the Objecting Franchisee's restaurant; or
- (b) A decision that no compensation is due an Objecting Franchisee based on a finding that the Objecting Franchisee has failed to prove that the New Restaurant has directly or proximately caused a reduction in the annual gross sales of the Objecting Franchisee's restaurant in an amount in excess of the Allowable Transfer Factor, if any; or
- (c) A decision that compensation is due the Objecting Franchisee based on a finding that the Objecting Franchisee has proven that the New Restaurant has directly or proximately caused a percentage reduction in the gross sales of the Objecting Franchisee's restaurant in excess of the Allowable Transfer Factor, if any.

7.6.4. If compensation is due the Objecting Franchisee pursuant to Section 7.6.3(c), such compensation will be calculated in the following manner:

- STEP 1: The Arbitrator makes a finding that the New Restaurant directly or proximately caused a decrease in the gross sales of the Objecting Franchisee's restaurant by a certain percentage. Such percentage will relate to operations for the first 12-month period following the opening of the New Restaurant.
- STEP 2: The Arbitrator will subtract the Allowable Transfer Factor, if any, from the percentage determined by the Arbitrator in Step 1 (the "**Gross Percentage**").
- STEP 3: The Arbitrator will multiply the "gross sales" of the Objecting Franchisee's restaurant for the 12-month period immediately preceding the opening of the New Restaurant by the Gross Percentage calculated in Step 2 (the "**Transferred Sales**").
- STEP 4: The Arbitrator will multiply the Transferred Sales calculated in Step 3 by twenty-eight percent (28%) (the "**Reduced Profit**").
- STEP 5: The Arbitrator will multiply the Reduced Profit calculated in Step 4 by the Year Factor.

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7.6.5. The award calculated pursuant to Section 7.6.4 will be paid to the Objecting Franchisee as follows:

- (a) In those instances where the Arbitrator selects a Year Factor equal to one (1), the award will be paid by EPL (if EPL developed the New Restaurant) or by Developer (if Developer, other than EPL, developed the New Restaurant) to the Objecting Franchisee within ten (10) business days following the date of the Arbitrator's award.
- (b) In those instances where the Arbitrator selects a Year Factor that is greater than one (1), EPL (if EPL developed the New Restaurant) or Developer (if Developer, other than EPL, developed the New Restaurant) may elect to pay the award to the Objecting Franchisee within the time period set forth in Section 7.6.5(a) above or in installments, each installment equal to the amount of the award divided by the Year Factor, the Year Factor to represent the number of years over which such award is to be paid. The first installment of the award will be paid within ten (10) business days following the date of the Arbitrator's award. Each subsequent installment will be paid annually within ten (10) business days of the anniversary of the date of the Arbitrator's award. If EPL (if EPL developed the New Restaurant) or Developer (if Developer, other than EPL, developed the New Restaurant) elects to pay the award in installments as provided for in this Section 7.6.5(b), EPL (if EPL developed the New Restaurant) or Developer (if Developer, other than EPL, developed the New Restaurant) shall deliver to Objecting Franchisee a promissory note in the form of Exhibit E. The outstanding balance of such promissory note shall bear interest at an interest rate equal to the prime rate published in the Wall Street Journal on the date the award is granted.
- (c) If Objecting Franchisee has been awarded an Arbitrator's award through development disputes procedures associated with that Objecting Franchisee's franchise agreement which would require the award and/or other payments to be paid by EPL and the New Restaurant is to be developed by a Developer other than EPL, Developer is responsible for, and must indemnify EPL for, the award and all other such payments to the same extent as if the Objecting Franchisee had participated in the ADR Procedures as described herein.

7.6.6. The Arbitrator will provide an explanation for the decision or award and will file the same with EPL and Developer (if other than EPL). Copies of such decisions or awards will be provided to the parties involved in the arbitration.

7.6.7. Subject only to the provisions of Section 9 of the Federal Arbitration Act specifying the standards for challenging the decision or award of an arbitrator, the decision or award of the Arbitrator will be binding.

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7.6.8. The decision or award of the Arbitrator will be confirmed and enforced as an arbitration award in accordance with the law of the appropriate court of competent jurisdiction.

7.6.9. In determining the Gross Percentage Factor and the Year Factor, and in carrying out its analysis as to whether there has been an unreasonable impact resulting from the New Restaurant, the Arbitrator will consider, among other things, the factors, examples and analyses described in **Exhibit 6**. The parties understand and acknowledge that such factors, examples and analyses are not exclusive and are incorporated to assist the Arbitrator in its determination of the type of factors to be used in establishing the Gross Percentage and the Year Factor.

**ARTICLE VIII**  
**GENERAL MATTERS RELATING TO MEDIATION AND ARBITRATION**

**SECTION 8.1. Mediators and Arbitrators.**

8.1.1. A panel of mediators and arbitrators will be created by the Dispute Resolution Entity.

Unless otherwise agreed to by the participants to the Mediation or Arbitration Proceedings, no person selected as a mediator or arbitrator will:

- (a) have been an EPL franchisee or a franchisee of any other franchise system;
- (b) have been an officer, director or employee of EPL, any EPL franchisee, the Developer, the Objecting Franchisee, the Franchisee of Franchisor or another franchise system or of any affiliate of the foregoing; or
- (c) have performed significant professional services for EPL or for one or more EPL franchisees or any such franchisee's affiliates.

8.1.2. If mutually agreeable to the participants, the Arbitrator may be the same individual as the Mediator.

**SECTION 8.2. Fees and Expenses of Mediation and Arbitration.**

8.2.1. The Mediator's and Arbitrator's fees and other charges will be established at the time of selection.

8.2.2. Unless the participants otherwise agree, or except as provided in the following sentences, fees and expenses of the Mediator and any other expenses of Mediation will be shared equally by the participants. Each participant will bear its own costs, expenses and attorneys' fees in preparing for and participating in Mediation. If an Impact Analysis is conducted that projects that twelve percent (12%) or more of sales will transfer to the New Restaurant from an Objecting Franchisee's restaurant, and EPL elects to approve the development of the New Restaurant, or if Developer (if other than

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EPL) agrees to continue to develop the New Restaurant, EPL (or Developer, if other than EPL) will pay all fees and charges of the Mediator and any other expenses of conducting the Mediation, excluding, however, such Objecting Franchisee's expenses and attorneys' fees.

8.2.3. Unless the participants otherwise agree, or except as provided in the following sentences, fees and expenses of the Arbitrator and any other expenses of the Arbitration Proceedings will be shared equally by the participants. Each participant will bear its own costs, expenses and attorneys' fees in preparing for and participating in the Arbitration. Notwithstanding the foregoing, the Arbitrator may, at the Arbitrator's discretion, order the participant deemed by the Arbitrator to be the non-prevailing party to pay all (or a portion of) the costs, attorneys' fees and expenses incurred by the prevailing party in connection with the Arbitration Proceedings.

**SECTION 8.3. Confidentiality.**

8.3.1. The entire Mediation and Arbitration Proceeding will be considered settlement negotiations. Except as otherwise provided in Section 8.3.3 below, all offers, promises, conduct and statements, whether oral or written, made in the course of the Mediation or Arbitration Proceedings by the participants, their agents, employees, experts and attorneys, and by the Mediator or Arbitrator, will be and remain confidential. Such offers, promises, conduct and statements are privileged under any applicable mediation privilege, and will be inadmissible and not discoverable for any purpose, or in any other dispute between the parties or between one of the parties and any other person, including impeachment.

8.3.2. Each of the Mediator and Arbitrator will be disqualified as a witness, consultant, or expert for any participant, and in rendering a decision or award as is hereinafter provided, the Arbitrator's oral and written opinions will be inadmissible for all purposes in this or any other dispute involving the participants or any other person.

8.3.3. Notwithstanding the provisions of Section 8.3.1 and 8.3.2, these ADR Procedures will not be deemed to preclude the disclosure of the terms of any settlement arrived at through Mediation, or the decision or award of the Arbitrator rendered as a result of the Arbitration Session.

**ARTICLE IX  
MISCELLANEOUS**

**SECTION 9.1. Time.** Unless otherwise provided in the ADR Procedures, the time periods provided in the ADR Procedures may be shortened or extended only by mutual written agreement of the participants.

**SECTION 9.2. Miscellaneous Matters.**

9.2.1. These ADR Procedures will become effective on the date set forth on the cover page to these procedures.



9.2.2. These ADR Procedures do not amend any franchise or other agreement to which EPL is a participant, except to the extent that they are incorporated by specific reference into a Franchise Agreement. These ADR Procedures may only be modified in the manner described in such Franchise Agreement. These ADR Procedures will not create any third party beneficiary rights. Subject to Section 9.2.5. below, these ADR Procedures represent the sole procedure and remedy for an Objecting Franchisee and Developer (if other than EPL) with respect to a New Restaurant Dispute.

9.2.3. A franchisee that has submitted an Objection Notice will not be denied expansion approval solely because of its objection provided that such franchisee is otherwise fully approved to expand to new EPL locations and such franchisee has formally entered into and remains in compliance with the ADR Procedures, including execution of an Arbitration Agreement and depositing the ADR Deposit with EPL.

9.2.4. These ADR procedures will be governed by and construed in accordance with the laws of the State of California and the Federal Arbitration Act. All notifications and communications required under these ADR procedures shall be in writing and be given pursuant to the notification requirements set forth in the Objecting Franchisee's Franchise Agreement.

9.2.5 To the extent that the Objecting Franchisee may have agreed to terms and procedures for resolving disputes relating to the development of new restaurants that differ from those contained in this Exhibit 1, those terms and procedures may control over the terms and procedures of this Exhibit 1 with respect to the rights and obligations of the participants. (However, if those development disputes procedures require EPL to pay for any impact analysis, mediation agreement payment or arbitration award, Developer agrees to indemnify EPL for any such payment.)

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**EXHIBIT "A"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**SUMMARY REPORT TO OBJECTION NOTICE**

General Instructions

A. Complete a separate form for each existing El Pollo Loco® restaurant (an "**Existing Restaurant**") within the Notification Radius you believe may be unreasonably encroached upon and impacted by the proposed new restaurant site (the "**Target Site**"). "**Notification Radius**" has the meaning specified in Article II of the Procedures for Resolving Disputes Relating to the Development of New Restaurants promulgated by EPL.

B. Attach a street map of the area surrounding the Existing Restaurant and the proposed Target Site (scale of the map should be approximately 1-10 mile or larger).

Specific Information

A. Answer each of the following questions. Answers must be specific and not contain any general or conclusory statements.

1. EXISTING RESTAURANT

El Pollo Loco # \_\_\_\_\_  
Cross Streets \_\_\_\_\_ and \_\_\_\_\_  
Address \_\_\_\_\_

2. PROPOSED SITE

Cross Streets \_\_\_\_\_ and \_\_\_\_\_  
Address \_\_\_\_\_

3. Shortest driving distance and travel time between Existing Restaurant and proposed Target Site

Distance \_\_\_\_\_

Time of Day _____	Minutes _____	Breakfast
Time of Day _____	Minutes _____	Lunch
Time of Day _____	Minutes _____	Dinner

Describe roads driven to obtain above distance and time

\_\_\_\_\_  
\_\_\_\_\_

Shortest distance between Existing Restaurant and proposed Target Site "as the crow flies" (straight line)

Distance \_\_\_\_\_

4. From what geographic area do you think the Existing Restaurant currently is drawing customers? Define the trade area and be specific - include street names, radius, distance and traffic generators (i.e., a mall or schools).

\_\_\_\_\_

\_\_\_\_\_

5. What areas described in #4 do you think the proposed Target Site's trade area will encroach upon? Be specific.

\_\_\_\_\_

\_\_\_\_\_

6. In your opinion, what is the trade area of the proposed Target Site? Be specific - include street names, radius, distance and traffic generators.

\_\_\_\_\_

\_\_\_\_\_

7. Which traffic arteries provide the main flow of traffic to the Existing Restaurant? Include street names and directional flow.

\_\_\_\_\_

\_\_\_\_\_

8. Which main arteries do you think will be providing traffic flow to the proposed Target Site? Include street names and directional flow.

\_\_\_\_\_

\_\_\_\_\_

9. Are there any natural or manmade barriers which separate the Existing Restaurant from the proposed Target Site? If yes, please describe.

\_\_\_\_\_

\_\_\_\_\_

10. How would you rate the physical appearance of the Existing Restaurant compared to a new El Pollo Loco® restaurant? Better than, equal to, or not as good as a new facility (choose one). Give reasons for your opinion.

\_\_\_\_\_

\_\_\_\_\_

11. What is the date of the last remodel at the Existing Restaurant and what was the scope of work? Be specific.

\_\_\_\_\_

\_\_\_\_\_

- 12. Does the franchisee currently have any plans to upgrade the Existing Restaurant? If so, what are the proposed upgrades? Be specific, include scope of work and dates.  
\_\_\_\_\_  
\_\_\_\_\_
- 13. What percentage of the Existing Restaurant's sales do you think the proposed Target Site will capture if it is built?  
\_\_\_\_\_  
\_\_\_\_\_
- 14. Would lunch or dinner be most affected? Why?  
\_\_\_\_\_  
\_\_\_\_\_
- 15. What marketing activities have taken place at the Existing Restaurant in the past six months other than national promotions? Please be specific. How successful were they?  
\_\_\_\_\_  
\_\_\_\_\_
- 16. Do you believe the market can support an El Pollo Loco® restaurant at the proposed Target Site if it is owned by the operator of the Existing Restaurant? If so, please explain your reasons.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_ DATE: \_\_\_\_\_, 20\_\_

**EXHIBIT "B"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**ARBITRATION AGREEMENT**

For valuable considerations, the receipt of which each party to this agreement acknowledges, the undersigned agree to resolve the following described dispute by using the Procedures for Resolving Disputes Relating to the Development of New Restaurants (the "**ADR Procedure**") promulgated by El Pollo Loco, Inc.

Nature of Dispute:

The parties agree to forego the filing of any lawsuit or legal action relating to the dispute and agree to be bound by the decision or award of the Dispute Resolution Entity (as defined in the ADR Procedures) under the ADR Procedures.

The rules and provisions of the ADR Procedures are incorporated herein by reference and the parties agree to be bound by same.

DATED this \_\_\_\_\_ day of \_\_, 20\_\_

EL POLLO LOCO, INC.

BY: \_\_\_\_\_

[OBJECTING FRANCHISEE]

BY: \_\_\_\_\_

[DEVELOPER]

BY: \_\_\_\_\_

**EXHIBIT "C"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**DEMAND PROMISSORY NOTE**

\$ \_\_\_\_\_

FOR VALUE RECEIVED, we, the undersigned ("**Makers**") jointly and severally, promise to pay to the order of EL POLLO LOCO, INC. ("**EPL**"), a Delaware corporation, [INSERT ADDRESS], ON DEMAND, the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). Until demand for payment is made, this Note shall not accrue interest. Terms not otherwise defined in this Note shall have the meanings specified in the Procedures for Resolving Disputes Relating to the Development of New Restaurants (the "**ADR Procedures**") promulgated by EPL.

The Makers hereby waive presentment, notice, protest and all other notices required or permitted hereunder and by law in connection with the delivery, acceptance, performance, default or enforcement of this Note, and assent to any extension or postponement of the time of payment or of any other indulgence, substitution, exchange or release of collateral, and/or to the addition or release of any other party or person primarily or secondarily liable on this Note.

This Note is being given to evidence the loan by EPL to the Objecting Franchisee pursuant to the ADR Procedures, the terms of which are expressly made a part of this instrument. The Makers hereof acknowledge that payment may be demanded by EPL upon the earlier to occur of: (i) settlement of the New Restaurant Dispute through Mediation or otherwise, (ii) conclusion of the Arbitration Proceedings, or (iii) any default by the Makers of the terms of any Franchise Agreement, or the occurrence of an event of default by which there is a violation of the terms and covenants of any other contractual obligation by the Makers hereof to EPL. The terms, covenants and conditions of agreements between the Makers and EPL are expressly made a part of this instrument.

This Note is payable by mail or in person at the office of EPL or such other place as EPL may designate.

In the event of delinquency in the payment of any principal or interest due on this Note or in the event of any other default under this Note it becomes necessary to retain an attorney for collection or to enforce the terms and conditions hereof, the Makers agree to pay reasonable attorneys' fees, whether suit is brought or not.

The enforceability of the terms of this Note and the legality of the interest rate specified herein shall be interpreted in accordance with and governed by the laws of the State of California. In the event of litigation involving this Note, Makers agree that this Note shall be construed in accordance with California law or the law of any other jurisdiction which has any relationship to the transaction and under whose laws this Note would be enforceable.

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In the event payment in full is not made within thirty (30) days of demand, interest on the unpaid balance shall accrue at the maximum rate allowed by California law, or if no maximum rate relating to this Note is in effect in the State of California, ten (10%) percent per annum.

During the term of this Note, and upon ten (10) days' written request by EPL or any other holder of this Note, each Maker agrees to give EPL or such holder adequate assurances as to such Maker's ability to comply with the terms of this Note. Such assurances shall include, but not be limited to, such Maker's then current financial statement, which EPL or such holder may require be certified by a Certified Public Accountant. Each Maker agrees that EPL or such holder may disclose such financial statements, or any other financial information pertaining to such Maker which EPL or such holder may possess, to any potential buyer, assignee or holder in due course of this Note.

This Note is personal to the Makers and is not assignable. In the event any Maker sells, assigns or transfers its interest in the Franchise Agreement for El Pollo Loco® restaurant #\_\_\_\_\_, the entire principal amount then outstanding on this Note shall immediately become due and payable. This Note is assignable by EPL.

The Makers acknowledge that a default under the terms of this Note shall constitute a default under the terms of the Franchise Agreement between Makers and EPL for Restaurant #\_\_\_\_\_.

[OBJECTING FRANCHISEE]

BY: \_\_\_\_\_

[MAKER]

BY: \_\_\_\_\_

**EXHIBIT "D"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**ARBITRATOR RETENTION AGREEMENT**

This Arbitrator Retention Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

A dispute involving the development of a new restaurant by El Pollo Loco, Inc. has arisen between El Pollo Loco, Inc. ("EPL"), [\_\_\_\_\_] ("Developer") and [\_\_\_\_\_] ("Objecting Franchisee"). EPL [, Developer] and Objecting Franchisee have agreed to participate in an alternative dispute resolution procedure pursuant to the "Procedures For Resolving Disputes Relating to the Development of New Restaurants", (the "ADR Procedures") a copy of which is annexed hereto. [\_\_\_\_\_] ("Arbitrator") has been chosen as a neutral arbitrator for the alternative dispute resolution procedures. EPL[, Developer], Objecting Franchisee and the Arbitrator accordingly agree as follows:

1. The Arbitrator agrees to be bound by and to use his best efforts to comply faithfully with the ADR Procedures, including without limitation, the provisions regarding confidentiality.
2. The Arbitrator and the Arbitrator's employees, agents, partners and shareholders, if applicable, shall not be liable for any respective act or omission in connection with the ADR Procedures other than as a result of fraud or an intentional and willful failure to comply with the material provisions of the ADR Procedures after having received written notice of such failure and refusal by the Arbitrator to correct such failure. Exercise of discretion shall not, by itself, result in any liability.
3. The Arbitrator has made a reasonable effort to learn and has disclosed to the parties in writing:
  - (a) All business or professional relationships the Arbitrator has had with the parties or the parties' law firms within the past five (5) years, including all instances in which the Arbitrator has served as an attorney for any party or adverse to any party;
  - (b) Any financial interests the Arbitrator has in any party;
  - (c) Any significant social, business or professional relationship the Arbitrator has had with an officer or employee of any party or with an individual representing any party; and
  - (d) Any other circumstances that may create doubt regarding the Arbitrator's impartiality.
4. Neither the Arbitrator nor the Arbitrator's firm shall undertake any work for or against a party regarding the subject matter of the dispute.

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Exhibit D to Procedures for Resolving Disputes Relating to the Development of New Restaurants

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5. Neither the Arbitrator nor any person assisting the Arbitrator with the ADR Procedures shall personally work on any matter for or against any party or its affiliates regardless of the subject matter, prior to one (1) year following cessation of the Arbitrator's services in this proceeding other than as an arbitrator in this or another proceeding.

6. The Arbitrator's firm may work on matters for or against a party during the pendency of the ADR Procedures if such matters are unrelated to the subject matter of the ADR Procedures, have been disclosed in advance to all parties hereto, are discussed with all of the parties hereto, and are expressly consented to in writing by such parties ("**Unrelated Approved Activities**"). The Arbitrator shall establish appropriate safeguards to ensure that other members or employees of the Arbitrator's firm not working on the ADR Procedures do not have access to any confidential information obtained by the Arbitrator during the course of the ADR Procedures. The Arbitrator hereby represents that there are no Unrelated Approved Activities as of the date hereof.

7. The Arbitrator shall be compensated for services performed in connection with the ADR Procedures in accordance with paragraph 8.2.1 of the ADR Procedures. The Arbitrator's fee shall be taxed as costs and paid as determined by the Arbitrator.

8. Counsel representing each party is as follows:

Counsel for Objecting Franchisee:

\_\_\_\_\_  
\_\_\_\_\_

Counsel for EPL:

\_\_\_\_\_  
\_\_\_\_\_

Counsel for Developer:

\_\_\_\_\_  
\_\_\_\_\_

EL POLLO LOCO, INC.

BY: \_\_\_\_\_

[ARBITRATOR]

BY: \_\_\_\_\_

[OBJECTING FRANCHISEE]

BY: \_\_\_\_\_

[DEVELOPER]

BY: \_\_\_\_\_

**EXHIBIT "E"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, [EPL or name of Developer ("**Developer**"), [whichever is applicable] a \_\_\_\_\_ corporation/limited liability company/limited partnership [INSERT ADDRESS], promises to pay to the order of \_\_\_\_\_, ("**Franchisee**") the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_) together with interest on the unpaid principal balance hereof. Terms not otherwise defined in this Note shall have the meanings specified in the Procedures for Resolving Disputes Relating to the Development of New Restaurants (the "**ADR Procedures**") promulgated by EPL.

Interest at the rate of \_\_%<sup>1</sup> simple interest per annum shall be payable annually concurrently with the payment of principal required herein.

[EPL/Developer] hereby waives presentment, notice, protest and all other notices required or permitted hereunder and by law in connection with the delivery, acceptance, performance, default or enforcement of this Note and assents to any extension or postponement of the time of payment or of any other indulgence, substitution, exchange or release of collateral, and/or to the addition or release of any other party or person primarily or secondarily liable on this Note.

This Note is being given to evidence [EPL/Developer]'s obligation to Franchisee pursuant to the Arbitrator's award granted under the ADR Procedures. The terms, covenants and conditions of the ADR Procedures and other agreements between Franchisee and [EPL/Developer] are expressly made a part of this instrument.

The principal of this Note shall be repaid in annual installments in accordance with the Principal Repayment Schedule attached hereto as Schedule 1.

This Note may be prepaid in whole or in part by the undersigned at any time, or from time to time, without premium or penalty.

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The enforceability of the terms of this Note and the legality of the interest rate specified herein shall be interpreted in accordance with and governed by the laws of the State of California

[EL POLLO LOCO, INC., a Delaware corporation] or [Name of Developer, a \_\_\_\_\_ corporation/ limited liability company/limited partnership]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<sup>1</sup> The fixed interest rate will be equal to the prime rate published in the Wall Street Journal for the day on which the award is granted.

**Schedule 1**

<u>Date of Principal Repayment</u>	<u>Amount</u>

**EXHIBIT "F"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**  
**FACTORS, EXAMPLES AND ANALYSES**  
**FOR DETERMINING GROSS PERCENTAGE AND YEAR FACTOR**

**OVERVIEW:**

There are numerous factors that influence the sales of any EPL Restaurant. It is the Arbitrator's responsibility under these ADR Procedures to consider all such factors which may be relevant to understanding the negative sales impact experienced by an Existing Site. A few examples of factors other than a new EPL Restaurant which may negatively impact an Existing Site's sales and therefore must also be considered by the Arbitrator include:

- Declining sales trends at the Existing Site pre-dating the New Restaurant
- Loss of traffic flows street (closures, construction activity, etc.)
- New, non-EPL competition
- Overall economic conditions/recession

A useful hierarchy to understand the various components of the overall impact on an Existing Site, and to isolate the influence of those specific factors to be utilized in determining the award pursuant to Section 7.6.4, is as follows:

A.	Overall Impact on Objecting Franchisee's Existing Site Sales	XX%
B.	Plus or Minus DMA-Wide Trends	+/- X%
C.	Impact Caused Within Existing Site's Trade Area	= XX%
D.	Plus or Minus Factors Other Than New Restaurant	+/- X%
E.	Impact on Existing Site by New Restaurant	= X%
F.	Less Allowable Transfer Factor	- X%
G.	Gross Percentage Factor	= X%

Step I of the following methodology will assist in determining item C above- the impact on the Existing Site's sales that appears to be localized within that restaurant's trade area.

Step II will assist in identifying how much of this localized impact appears attributable to the New Restaurant in question, rather than other factors within the Existing Site's trade area. This will yield item E above, which is the starting point in the award calculation described at Step 1. of Section 7.6.4.

#### **METHODOLOGY TO ISOLATE IMPACT OF NEW RESTAURANT ON EXISTING SITE'S SALES:**

##### **STEP I:**

Determine how much the sales of the Existing Site have been impacted overall during the first 12 months of operations of the New Restaurant (the "**Post Period**"), and then isolate that portion of the impact attributable to factors within the Existing Site's trade area, by answering the following questions:

1. What has been the % change in the Existing Site's year-over-year sales ("**Y-O-Y Growth Rate**") during the Post Period vs. the prior 12 months (the "**Pre Period**")?
2. How does this Y-O-Y Growth Rate compare to the average experience of other EPL'S in the same county or demographic market area ("**DMA**") over this same period of time?
3. How closely did the Existing Site's Y-O-Y Growth Rate track that of the overall DMA average prior to the opening of the New Restaurant? How consistent has the variation between the two Y-O-Y Growth Rates been, historically?

Example 1: Existing Site's net sales decline four percent (-4%) during the Post Period vs. the Pre Period. However, the overall average decline of all restaurants in this DMA during the same period is six percent (-6%). For the two (2) years prior to the Pre Period, the Existing Site's Y-O-Y Growth Rate was two percent (+2%) greater than the overall DMA average, and this trend was fairly consistent from month to month.

Inference: While not conclusive in itself, this data suggests that the sales decline experienced by the Existing Site during the Post Period is due to factors other than the New Restaurant. In fact, we might have "expected" the Existing Site to decrease by four percent (-4%) during the Post Period based on its previous trends vs. the overall DMA.

Example 2: All facts the same as Example 1, including a four percent (-4%) decline for the Existing Site, except the overall DMA Y-O-Y Growth Rate Post vs. Pre Period is a positive six percent (+6%).

Inference: Again, while not conclusive by itself, this data suggests that the Existing Site has experienced a twelve percent (-12%) decrease vs. expectation during the Post Period due to localized factors specific to the Existing Site trade area, and not due to DMA-wide variables.

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**STEP II:**

If there appears to be an impact on the Existing Site that is due to factors within its trade area, rather than due to broader, DMA-wide trends (Example 2 above), identify all significant factors that may have contributed to this impact in addition to the New Restaurant. These could include but may not be limited to the following:

1. Decline in potential customer traffic in Existing Site's trade area:
  - A. Loss of traffic generators (closure of nearby military base, shopping center Anchor tenant or large employer in trade area).
  - B. Loss of traffic flows (closure of streets, bridges or freeway ramps).
  - C. Newer traffic generators developed in nearby trade areas eclipse traffic generators in Existing Site's trade area.
2. New restaurant competition other than the new EPL in the Existing Site's trade area.
3. Change in the Management Team or deterioration in the quality of operations of the Existing Site.

It may be conversely true that new traffic generators, improvement in traffic flows or the closure of competing restaurants in an Existing Site's trade area, or an improvement in the quality of operations in an Existing Site would have resulted in a positive impact on the Existing Site's sales but for the opening of the New Restaurant.

It may be difficult to separately identify the negative or positive impact of the above factors on an Existing Site's sales from the impact of the New Restaurant. It may be that one can do so only by paying close attention to the dates that each factor became relevant, and tracking the incremental impact of each on the Existing Site's Y-O-Y Growth Rate.

Example 3: Existing Site is in an older shopping center; many of the co-tenants have never remodeled or updated their facilities. New regional "Power Center" with a Walmart, Toys R Us, Home Depot, a 20 Theater Cinema and several new restaurants (but no EPL's) opens 3 miles away. Existing Site's sales drop eight percent (-8%) within one month. Assume overall DMA sales are flat during this period, and no other new variables or any other change in the trade area.

Inference: Many of the Existing Site's customers will be drawn to the traffic generators in the new center, and allocate some of their limited eating out dollars to whatever restaurant choices are available when they are there, since it is convenient. All or a substantial portion of the eight percent (-8%) drop in sales can reasonably be attributed to the new center.

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**Example 4:** Same as Example 3, except that a new EPL Restaurant opens at the new Power Center 6 months after the last anchor tenant opens. Existing Site's sales then decline further, to a twelve percent (-12%) overall decline vs. before the Power Center opened, as follows:

<i>Existing Site's Avg. Monthly Sales:</i>	<i>Amount</i>	<i>Cumulative % Change</i>
12 months prior to New Power Center opening	\$83,333	—
First 6 months New Power Center open	\$76,666	(-8%)
Next 12 months New Restaurant Open	\$73,333	(-12%)

**Inference:** It would appear that the majority of the decline is due to the existence of the new Power Center eight percent (-8%), and that only about four percent (-4%) is due to the New Restaurant (= 12% - 8%).

**DISCUSSION RE: YEAR FACTOR:**

The intention of the Year Factor is to recognize that restaurant businesses are often valued based upon a multiple of cash flows. If an Objecting Franchisee suffers a permanent reduction in sales and cash flows in an Existing Site due to unreasonable impact by a New Restaurant, then the business value of the Existing Site has declined by some multiple of the reduction. If the sales reduction is expected to become even greater over time, based upon trends observed during the Post Period, a larger multiple should be selected by the Arbitrator. Conversely, if trends observed during the Post Period or other evidence appear to indicate that the impact of the New Restaurant upon the Existing Site will diminish over time, a relatively smaller multiple should be used.

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Exhibit F to Procedures for Resolving Disputes Relating to the Development of New Restaurants

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**EXHIBIT 2 TO FRANCHISE AGREEMENT**

**MEMORANDUM OF OPENING DATE**

On \_\_\_\_, 20\_\_ El Pollo Loco, Inc. ("**Franchisor**"), and \_\_\_\_\_ ("**Franchisee**"), entered into a Franchise Agreement (the "Franchise Agreement") for an "El Pollo Loco" Restaurant to be located at \_\_\_\_\_ (the "**Location**").

The parties hereby agree that the Opening Date of the Restaurant at the Location was \_\_\_\_, 20\_\_.

The term of the Franchise Agreement shall expire on \_\_\_\_, 20\_\_, unless sooner terminated as provided in the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Opening Date to be executed as of the \_\_\_\_ day of \_\_\_\_, 20\_\_.

FRANCHISOR:  
**EL POLLO LOCO, INC.,**  
a Delaware Corporation

FRANCHISEE:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit 2 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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### EXHIBIT 3 TO FRANCHISE AGREEMENT

#### PERSONAL GUARANTEE

The undersigned hereby unconditionally guarantees, absolutely and irrevocably the performance and payment by Franchisee (as defined below) of, and expressly agrees to adopt and be individually bound by as if the undersigned were a party to each and all of the terms, covenants and conditions of that certain Franchise Agreement dated \_\_\_\_, 20\_\_ (the "**Agreement**") between EL POLLO LOCO, INC., a Delaware corporation ("**Franchisor**") whose address is 3535 Harbor Blvd, Suite 100, Costa Mesa, CA 92626 and \_\_\_\_\_ ("**Franchisee**") whose address is \_\_\_\_\_. The undersigned further agrees as follows:

1. This guarantee will continue unchanged by any bankruptcy, reorganization or insolvency of Franchisee or by any disaffirmance or abandonment by a trustee of Franchisee.
2. This covenant and agreement on the part of the undersigned shall continue in favor of Franchisor notwithstanding any extension, modification or alteration of the Agreement entered into by and between the parties thereto, or their successors or assigns, and no extension, modification, alteration or assignment of the Agreement shall in any manner release or discharge the undersigned and the undersigned does hereby consent thereto.
3. The liability of the undersigned under this guarantee shall be primary and in any right of action which shall accrue to Franchisor under the Agreement, Franchisor may, at its option, proceed against the undersigned without having commenced any action or having obtained any judgment against Franchisee.
4. The undersigned shall pay Franchisor's reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection or in any negotiations relative to the obligations hereby guaranteed or enforcing this guarantee against the undersigned, individually and jointly only if final judgment is entered in favor of Franchisor.
5. The undersigned hereby waives notice of any demand by Franchisor as well as any notice of default in the payment of any and all amounts contained or reserved in the Agreement.
6. All sums due under this guarantee shall bear interest from the date due until the date paid at the maximum contract rate permitted by law. The obligations under this guarantee include, without limitation, payment when due of any and all sums due under the Agreement and all damages to which Franchisor is or may be entitled whether under applicable law, indemnification payments and payment of any and all legal fees, courts costs and litigation expenses incurred by Franchisor in endeavoring to collect or enforce any of the foregoing against Franchisee, the undersigned, or in connection with any property securing any or all of the foregoing or this guarantee.

Exhibit 3 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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7. The undersigned agrees that one or more successive or concurrent actions may be brought on this guarantee, in the same action in which Franchisee may be sued or in separate actions, as often as deemed advisable by Franchisor. The obligations under this guarantee are joint and several, and independent of the obligations of Franchisee.

8. No election in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Franchisor's right to proceed in any other form of action or proceeding or against any other party. The failure of Franchisor to enforce any of the provisions of this guarantee at any time or for a period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce the same. All remedies under this guarantee shall be cumulative and shall be in addition to all rights, powers and remedies given to Franchisor by law or under any other instrument or agreement.

9. All rights, benefits and privileges under this guarantee shall inure to the benefit of and be enforceable by Franchisor and its successors and assigns and shall be binding upon the undersigned and his heirs, representatives, successors and assigns. Neither the death of the undersigned nor notice thereof to Franchisor shall terminate this guarantee as to his estate, and, notwithstanding the death of the undersigned or notice thereof to Franchisor, this guarantee shall continue in full force and effect. The provisions of this guarantee may not be waived or amended except in writing executed by the undersigned and a duly authorized representative of Franchisor.

10. The undersigned represents and warrants that (i) it is in the undersigned's direct interest to assist Franchisee in procuring the Agreement, because Franchisee has a direct or indirect corporate or business relationship with the undersigned, (ii) this guarantee has been duly and validly authorized executed and delivered and constitutes the binding obligation of the undersigned, enforceable in accordance with its terms, and (iii) the execution and delivery of this guarantee does not violate (with or without the giving of notice, the passage of time, or both) any order, judgment, decree, instrument or agreement to which the undersigned is a party or by which it or its assets are affected or bound.

11. If any provision of this guarantee or the application thereof to any party or circumstance is held invalid, void, inoperative, or unenforceable, the remainder of this guarantee and the application of such provision to other parties or circumstances shall not be affected thereby, the provisions of this guarantee being severable in any such instance. This guarantee is the entire and only agreement between the undersigned and Franchisor respecting the guaranty of the Agreement, and all representations, warranties, agreements, or undertakings heretofore or contemporaneously made, which are not set forth in this guarantee, are superseded.

12. Any notice which a party shall be requested or shall desire to give to the other under this guarantee shall be given by personal delivery or by depositing the same in the United States mail, first class postage pre-paid, addressed to Franchisor at its address set forth above and to the undersigned at its address set forth above, and such notices shall be deemed duly given on the date of personal delivery or three (3) days after the date of mailing as aforesaid. Either party may change their address for purposes of receiving notices under this guarantee by giving written notice thereof to the other party in accordance with this section.

Exhibit 3 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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13. This guarantee is governed by and construed according to the laws of the State of California applicable to contracts made and to be performed in such state. In order to induce Franchisor to accept this guarantee, and as a material part of the consideration therefore, the undersigned (i) agrees that all actions or proceedings relating directly or indirectly to this guarantee shall, at the option of the Franchisor, be litigated in courts located within the State of California, and (ii) consents to the jurisdiction of any such court and consents to the service of process in any such action or proceeding by personal delivery or any other method permitted by law.

The undersigned waives and relinquishes any rights it may have under California Civil Code 2845, 2849 and 2850 or otherwise to require Franchisor to (a) proceed against Franchisee or any other guarantor, pledgor or person liable under the Agreement; (b) proceed against or exhaust any security for the Franchisee or this guarantee; or (c) pursue any other remedy in Franchisor's power whatsoever. In other words, Franchisor may proceed against the undersigned for the obligations guaranteed without first taking any action against Franchisee or any other guarantor, pledgor or person liable under the Agreement and without proceeding against any security. The undersigned shall not have, and hereby waives (a) any right of subrogation, contribution, indemnity and any similar right that the undersigned may otherwise have, (b) any right to any remedy which Franchisor now has or may hereafter have against Franchisee, and (c) any benefit of any security now or hereafter held by Franchisor. The undersigned waives (a) all presentments, demands for performance, notices of non-performance, protests, notices of protests and notices of dishonor; (b) all other notices and demands to which the undersigned might be entitled, including without limitation notice of all the following: the acceptance hereof; any adverse change in Franchisee's financial position; any other fact which might increase the undersigned's risk; any default, partial payment or non-payment under the Franchisee and any changes, modifications, or extensions thereof; and any revocation, modification or release of any guaranty of any or all of the Agreement by any person (including without limitation any other person signing this guarantee); (c) any defense arising by reason of any failure of Franchisor to obtain, perfect, maintain or keep in force any security interest in any property of Franchisee or any other person; (d) any defense based upon or arising out of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against Franchisee or any other guarantor or any person liable under the Agreement.

Without limiting the generality of the foregoing or any other provision of this guarantee, the undersigned expressly waives any and all benefits which might otherwise be available to it under California Civil Code 2839 (which provides that a surety is exonerated by the performance or the offer of performance of the principal obligation), 2899 (which provides for the order of resort to different funds held by the creditor) and 3433 (which provides for the right of a creditor to require that another creditor entitled to resort to several sources of payments first resort to sources not available to the first creditor). The undersigned waives the rights and benefits under California Civil Code 2819 and agrees that by doing so its liability shall continue even if

Franchisor alters any obligations under the Agreement in any respect or Franchisor's rights or remedies against Franchisee are in any way impaired or suspended without the undersigned's consent. Franchisor may without notice assign this guarantee in whole or in part.

14. The undersigned has had the opportunity to review this guarantee with its counsel and such counsel has explained to it the meaning and significance of the provisions of this guarantee, including but not limited to the waivers and consents contained in this guarantee, and answered any questions that it had regarding the meaning, significance and effect of the provisions of this guarantee.

The use of the singular herein shall include the plural. The obligations of two or more parties shall be joint and several. The terms and provisions of this guarantee shall be binding upon and inure to the benefit of the respective successors and assigns of the parties herein named.

**IN WITNESS WHEREOF**, the undersigned executed this guarantee on this \_\_\_\_ day of \_\_\_\_, 20\_\_.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
NAME

**EXHIBIT 4 TO FRANCHISE AGREEMENT**

**INVESTOR COVENANTS REGARDING  
CONFIDENTIALITY AND NON-COMPETITION**

In conjunction with your investment in \_\_\_\_\_ (“**Franchisee**”) a \_\_\_\_\_ you (Investor” or “you”), acknowledge and agree as follows:

1. Franchisee owns and operates, or is developing, pursuant to a Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”) with El Pollo Loco, Inc. (“**EPL**”), which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Franchise Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement.
2. You own or intend to own a \_\_\_\_\_ % legal or beneficial ownership interest in Franchisee and acknowledge and agree that your execution of this Agreement is a condition to such ownership interest and that you have received good and valuable consideration for executing this Agreement. EPL may enforce this Agreement directly against you and your Owners (as defined below).
3. If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you (“**Owners**”) must also execute this Agreement.
4. You and your Owners, if any, may gain access to parts of EPL’s Confidential Information as a result of investing in Franchisee. The Confidential Information is proprietary and includes EPL’s trade secrets. You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in franchise and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or your Owners cease to have an interest in franchisee, you and our Owners, if any, must deliver to EPL any such Confidential Information in your or their possession.
5. During the term of the Franchise Agreement and during such time as you and your Owners, if any, have any legal or beneficial ownership interest in Franchisee, you and your Owners, if any, agree that you and they will not, without EPL’s consent (which consent may be withheld at EPL’s discretion) directly or indirectly (such as through an Affiliate or through your or their Immediate Families) own any legal or beneficial interest in, or render services or give advice in connection with: (a) any Competitive Business located anywhere, or (b) any entity located anywhere that grants franchises or licenses interest to others to operate any Competitive Business.

Exhibit 4 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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6. For a period of two (2) years, starting on the earlier to occur of the date you or your Owners cease to have any legal or beneficial ownership interest in Franchisee and the effective date of termination or expiration of the Franchise Agreement, neither you nor any of your Owners directly or indirectly (such as through an Affiliate or through your or their Immediate Families) shall own a legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business operating at or within a radius of five (5) miles of the Restaurant and/or any El Pollo Loco Restaurant, then in operation or under construction; or (b) any entity that grants franchises or license other interest to others to operate any Competitive Business. If you or any of your Owners fail to or refuse to abide by any of the foregoing covenants and EPL obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two (2) years after the date such person commences compliance with the order enforcing the covenant.
7. You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein, which restricts competitive activity, is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part of all of it, you and we agree that it will be enforce to the fullest extent permissible under applicable law and public policy. EPL may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of your Owners acknowledges that any violation of Section 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If EPL files a claim to enforce this Agreement and prevails in such proceeding, you agree to reimburse EPL for all its cost and expense, including reasonable attorneys' fees.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement on the \_\_\_ day of \_\_\_\_, 20\_\_.

**INVESTOR**

If an Individual

If a corporation, partnership, limited liability company or other legal entity:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name of corporation, partnership, limited liability company or other legal entity)

\_\_\_\_\_  
(Print Name)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**OWNERS**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**EXHIBIT 5 TO FRANCHISE AGREEMENT**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (ACH)**

On \_\_\_\_\_ and going forth, the undersigned depositor ("**Depositor**") hereby authorizes El Pollo Loco, Inc. ("**El Pollo Loco**") to initiate debit entries and/or credit correction entries to the Depositor's checking and/or savings account(s) indicated below and the depository ("**Depository**") to debit such account pursuant to El Pollo Loco's instructions ("**Authorization**").

Depository	Branch
Street Address, City, State, Zip Code	
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from El Pollo Loco® and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide El Pollo Loco® and Depositor with thirty (30) days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or forty five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

This Authorization may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Authorization transmitted via facsimile or electronic mail shall be considered an original for all purposes hereunder.

Depositor: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



ATTACH VOID CHECK HERE

Exhibit 5 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)  
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**EXHIBIT 6 TO FRANCHISE AGREEMENT**

**ADVERTISING ASSOCIATION MEMBERSHIP AGREEMENT**

THE [NAME OF AREA] EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION

**MEMBERSHIP AGREEMENT**

THIS [NAME OF AREA] EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION MEMBERSHIP AGREEMENT is effective as of \_\_\_\_\_, 20\_\_\_\_, by and between the [NAME OF AREA] EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION, INC. a \_\_\_\_\_ Nonprofit Corporation [the “**Association**”] and \_\_\_\_\_, a \_\_\_\_\_ (the “**Member**”).

**BACKGROUND INFORMATION:**

EL POLLO LOCO, INC. (the “**Franchisor**”) owns, operates and franchises quick service restaurants which specialize in the sale of retail marinated \_\_\_\_\_ grilled chicken and Mexican food items related to the El Pollo Loco® concept (“**Restaurants**”). The Member owns and operates one or more Restaurants within the \_\_\_\_\_ [*described geographic area*] \_\_\_\_\_ (the “**Association Area**”). The Association was organized by the Franchisor and its franchisees that own Restaurants in the Association Area in order to pool advertising funds.

**OPERATIVE TERMS:**

**1. Bylaws.** The Association has adopted Bylaws and may amend, modify or replace them from time to time in accordance with its governing documents, subject to the written consent of the Franchisor (the “**Bylaws**”). Unless the context requires otherwise, terms used in this Agreement will have the meanings as defined in the Bylaws.

**2. Membership.** By signing this Agreement:

(a) The Member agrees to become a member of the Association and agrees to be bound by and adhere to the Bylaws, and to observe any administrative rules, regulations and policy statements adopted by the Association in accordance with the Bylaws; and

(b) The Association accepts and enrolls the Member as a member in good standing with full rights and Benefits of membership.

Exhibit 6 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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**3. Scope.** This Agreement is applicable to all of the Member's Restaurants located in the Association Area, whether currently existing, or opened or acquired after the signing of this Agreement.

**4. Contributions.**

(a) **Obligation to Pay:** The Member agrees to make such contributions to the Association, and at such time and in such manner, as are determined by the Association from time to time in accordance with the Bylaws. Contributions are non-refundable.

(b) **Reports:** Each contribution must be accompanied by a report containing such information as the Association may determine from time to time, showing the amount of the contribution the Member is required to pay with respect to the Member's Restaurants located in the Association Area. The Member authorizes and instructs the Franchisor to furnish to the Association, on request, copies of the Member's reports and records in Franchisor's possession for the purpose of verifying contributions due. The Association may review reports and other information available to the Franchisor to verify that the proper amount of contributions have been made by the Member.

(c) **Collection by Franchisor:** The Member acknowledges and agrees that the Association may authorize Franchisor to receive and collect contributions and related reports on behalf of the Association. In such case, the Member shall make contributions to Franchisor, and shall report to Franchisor, at such times and in such manner as Franchisor may determine to be appropriate from time to time.

**5. Benefits.** The Association agrees that it will operate on a not-for-profit basis in accordance with governing documents and that all contribution will be spent solely for the purposes permitted in its Articles of Incorporation and Bylaws.

**6. Effective Date and Term.** The Agreement becomes effective on the date signed by both Parties and will continue until the earlier of:

(a) The Association discontinues operations or is dissolved; or

(b) Until the Member no longer owns and operates a Restaurant located in the Association Area under a valid Franchise Agreement with Franchisor, or until the Member no longer owns or operates a Restaurant located in the Association Area, if the Member is the Franchisor or an affiliate of Franchisor.

In the event this Agreement terminates pursuant to Section 6(b), the Member's voting and other membership rights in the Association automatically terminate on the effective date of termination of the Franchise Agreement (or closure of the Restaurant, if the Franchisor or its affiliate is the Member),

Exhibit 6 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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provided however, if the Member owes contributions at the time of such termination (or closure), then it will still be obligated and responsible for all contributions that accrued prior to the date of such termination (or closure).

**7. Franchise Transfers.** The parties recognize that the timing of payment of contributions may not always coincide with the consummation of the sale of a Restaurant. Accordingly, the parties agree as follows:

(a) **Timing:** The Member will remain responsible to the Association for all contributions due through the date of the consummation of any sale of an El Pollo Loco® restaurant owned by the Member that is subject to this Agreement.

(b) **Credit Balances:** If the Member sells or closes an El Pollo Loco® restaurant subject to this Agreement at a time when the Member has a credit balance with the Association, the credit balance will not be refunded, but will be: (i) retained for the benefit of other members of the Association, if the transaction involves a closing of the Member's El Pollo Loco® restaurant or the termination or expiration of the Member's Franchise Agreement; or (ii) credited to the Restaurants of the purchaser that are subject to this Agreement, if a sale, transfer or assignment is involved; or (iii) credited to the Member's other Restaurants that are still subject to this Agreement.

**8. Delinquencies.** The Member agrees to abide by all rules and regulations regarding delinquent contributions, including the payment of interest and late payment fees, adopted by the Association from time to time. The Member acknowledges and agrees that delinquent contributions (a) constitute a breach of the Franchise Agreement; (b) may result in loss of voting rights and other privileges with the Association; and/or (c) may result in cancellation of membership with the Association.

**9. Entity Participation.** If the Member is a corporation, limited liability company, partnership or other business entity, the Member will duly authorize one (1) person to represent its interests at Association meetings (the "**Representative**"). The Representative must be a: (i) shareholder, partner, member (in case of an LLC), director or officer of the Member; or (ii) the Member's Operating Partner, as defined in the Member's Franchise Agreement; or (iii) in the event the Member is Franchisor or one of its affiliates, an officer or other designated representative of the Franchisor or its affiliate. The Association shall be entitled to rely on any written authorization appointing the Representative that the Association in good faith believes to be valid unless and until the Association shall have received an authorization for a successor Representative's decisions, votes and consents to bind the Member at any such meeting without any further inquiry. The same person can be a Representative for more than one (1) Member.

**10. Program Participation.** The Member will not be required, as a condition of membership in this Association or otherwise, to participate in any advertising or promotion that contains a specified retail price, or a minimum retail

price, for any product or service furnished by Restaurant in the Association Area. However, the Member's obligation to pay contributions pursuant to this Agreement will not be affected in any way by the Member's decision not to participate.

**11. Miscellaneous.**

(a) Severability: If any part of this Agreement is held invalid for any reason, the remainder of this Agreement will not be affected and will remain in full force and effect in accordance with its terms.

(b) Costs of Collection: Member agrees to reimburse the Association (or, if applicable, Franchisor) for all costs and expenses, including attorneys' fees and expenses, incurred in connection with collecting delinquent contributions. Reimbursement is due within thirty (30) days of written notice.

(c) Waivers: No waiver of any provision of this Agreement will be valid unless in writing and signed by the person signed by the person against whom it is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time or to insist on strict performance of any other provision of this Agreement.

(d) Liabilities and Beneficiaries: Neither party will be liable to any other person who is not Party to this not a Party to this not a party to this Agreement by virtue of their relationship to each other. No other person has any rights because of this Agreement, except for the parties. However, notwithstanding the foregoing, although the Franchisor may not be a party to this Agreement, and is not bound by it, Franchisor is a third-party intended beneficiary.

(e) Entire Agreement: This Agreement reflects the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, communications or understandings with respect to the matters provided for herein.

[NAME OF AREA] EL POLLO LOCO® RESTAURANT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ADVERTISING ASSOCIATION, INC.  
*[Name of Member]*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 6 TO FRANCHISE AGREEMENT**  
**ADVERTISING ASSOCIATION BYLAWS**

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**BYLAWS**

**OF**

***[NAME OF AREA]* EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION, INC.**

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Adopted as of \_\_\_\_\_, 20\_\_

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**BYLAWS OF  
[NAME OF AREA] EL POLLO LOCO® RESTAURANT  
ADVERTISING ASSOCIATION, INC.**

**ARTICLE 1  
Officers**

**Section 1.1 Registered and Principal Office**

The initial registered office of the [NAME OF AREA] El Pollo Loco® restaurant Advertising Association, Inc. (the “**Corporation**”) will be located at \_\_\_\_\_. The initial principal office of the Corporation will be located at \_\_\_\_\_.

**Section 1.2 Other Offices**

The Corporation may have offices at such other place or places within or without the State of Delaware as the Board of Directors may from time to time establish.

**Section 1.3 Registered Agent for Service of Process**

The Corporation’s Board of Directors will have the right to designate a registered agent for service of process, who may be an individual or a corporation. The registered agent so designated will serve until a successor is elected by the Board of Directors.

**ARTICLE 2  
Powers and Purposes**

**Section 2.1 Powers**

The Corporation will have all of the powers accorded nonprofit corporations under the Missouri Nonprofit Corporation Act (the “**Act**”). The Corporation will utilize such powers to engage in any lawful activity which is consistent with its purposes as set forth in the Articles of Incorporation.

**Section 2.2 Purposes**

The purposes for which the Corporation is formed are to establish, maintain, administer and operate a promotional and advertising fund (the “**Fund**”) for the benefit of the El Pollo Loco® restaurants (“**EPL’s**”) of its members located in [describe geographic area] (the “**Association Area**”) and to further any and all purposes consistent with the objectives of the Corporation.

### Section 2.3 Use of Trademarks

The Corporation recognizes that its activities will necessarily involve advertising and promotional programs that contain the intellectual property rights, including copyrights, trademarks, service marks, logos, and designs derived from El Pollo Loco, Inc. (the “**Franchisor**”). As such, the Corporation has entered into, or will enter into, the [NAME OF AREA] El Pollo Loco® restaurant Advertising Association Authorization Agreement.

## ARTICLE 3 Members

### Section 3.1 Members

The members will consist of (a) owners of franchised Restaurants located in the Association Area operating under valid and effective Franchise Agreements with Franchisor; and (b) the Franchisor or any of its affiliates, to the extent that it or any of its affiliates owns or operates any Restaurants located within the Association Area.

Any Franchisee who ceases to be a party to any valid and effective Franchise Agreement with the Franchisor for a El Pollo Loco® restaurant located in the Association Area, whether due to transfer, expiration or termination, will automatically cease to be a member of the Corporation, but will continue to remain liable to the Corporation for past due unpaid contributions or other amounts payable to the Corporation at the time membership ceases. However, if a Franchisee operates under multiple Franchise Agreements and ceases to be bound by one or more Franchise Agreements, whether due to transfer, expiration or termination, but continues to be bound by other Franchise Agreements for Restaurants located in the Association Area, the Franchisee shall continue to be a member, but its voting rights shall be reduced to reflect the number of remaining Restaurants that the Franchisee owns in the Association Area. Likewise, to the extent the Franchisor or an affiliate of Franchisor owns or operates one or more Bakery Cafes in the Association Area and has been a member of the Corporation, and ceases to own or operate any such Restaurants in the Association Area, then its membership with respect to such Restaurants will automatically terminate.

In accordance with the terms of the [NAME OF AREA] El Pollo Loco® restaurant Advertising Association Authorization Agreement, a representative of Franchisor shall be entitled to notice of all regular and special meetings of the Members of the corporation and shall have the right to attend all meetings, either in person or in any other manner of attendance authorized in these Bylaws. However, unless the Franchisor is a Member of the Corporation by virtue to vote at a meeting of the Members in accordance with Section 3.12 of these Bylaws.

### Section 3.2 Enrollment

Notwithstanding any of the foregoing, no person will be enrolled as a Member of the Corporation nor will it have any rights as a Member unless and until it has signed a Membership Agreement with the Corporation. Notwithstanding the foregoing, Members shall be required to make contributions as required by their Franchise Agreements, regardless of whether they have signed Membership Agreements.

Exhibit 7 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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### **Section 3.3 Entity Membership**

For all membership purposes, any business entity (corporation, partnership, limited liability company, etc.), together with its owners, is deemed a single Member.

### **Section 3.4 Members in Good Standing**

A Member will be in good standing as long as: (a) the Member is not delinquent in the payment of any contribution or other monetary obligation to the Corporation; and (b) Member shall not have received a notice of default from Franchisor with respect to one or more Restaurants located in the Association Area which default remains uncured to the satisfaction of Franchisor. Loss of good standing will not relieve the Member of the obligation to make contributions, when due.

### **Section 3.5 Annual and Quarterly Meetings of the Members**

The annual meeting of the Members shall be held for the election of directors, consideration and approval of the succeeding year's advertising budget and the transaction of such other business as may properly come before the meeting. The annual meeting will be held at such time within the first quarter of the Corporation's fiscal year as the Board of Directors may determine. Quarterly meetings of the Members shall be held for consideration and approval of advertising and promotional programs and the transaction of such other business as may properly come before the meeting. In addition, at the final quarterly meeting of the fiscal year, the Members shall consider and approve the level(s) of Member contributions for the succeeding fiscal year. Quarterly meetings will be held at times within the second, third and fourth quarters of the Corporation's fiscal year as the Board of Directors may determine.

The notice of annual or quarterly meetings of Members, except as otherwise required by law, need not state the matters to be considered at such meetings.

### **Section 3.6 Special Meetings**

Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by applicable law, may be called on the written request of (i) a majority of the Board of Directors, or (ii) Members constituting 25% of the voting rights of the Members in good standing, or (iii) Franchisor. Requests for a special meeting must state the purpose or purposes of the proposed meeting.

The notice of any special meeting of the Members must state the purpose or purposes for which the meeting is called.

### **Section 3.7 Place of Meeting**

All meetings of the Members will be at such places as will be determined from time to time by the Board of Directors of the Corporation.

### **Section 3.8 Notice of Meetings**

Written notice of each meeting of the Members stating the Place, day and hour thereof, must be delivered to each Member of record entitled to vote at such meeting, personally or by telephone, telegram, cablegram, e-mail, first class mail, confirmed facsimile transmission or any other means of personal delivery providing evidence of actual delivery; and if mailed, the notice shall be deemed to be given when deposited in the United States mail addressed to the Members at the Members' addresses, as they appear in the records of the Corporation, with postage thereon prepaid. Notice must be given by or under the direction of the Secretary, or the officer or persons calling the meeting not more than sixty (60) not less than ten (10) days before the date of the meeting; provided that oral notice to the Member may be given in lieu of written notice so long as the party giving the notice to the Member files with the Corporation a written statement of the date, time, place and manner of the oral notice. No notice need be given of the time and place of reconvening of any adjourned meeting, if the time and place to which the meeting is adjourned are announced at the adjourned meeting.

### **Section 3.9 Waiver of Notice**

A written waiver of notice signed by any Member, whether before or after any meeting, shall be equivalent to the giving of timely notice to said Member. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a Member attends a meeting for the express purpose, as stated at the beginning of the meeting, of objecting to the transaction of business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Member need be specified in any written waiver of notice.

### **Section 3.10 Closure of Books and Fixing of Record Date**

For the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members or any adjournment thereof, the Board of Directors may provide that the books will be closed for a period of not less than three (3) and not more than thirty (30) days immediately preceding such meeting. If the books are not closed and no record date is fixed by the Board of Directors, the date on which notice of the meeting is mailed will be the record date for the determination of Members entitled to notice and to vote.

### **Section 3.11 Quorum**

Except as otherwise required by the Act, the Articles of Incorporation or these Bylaws, the presence of Members holding a majority of the votes will constitute a quorum at all meetings of the Members. In case a quorum is not present at any meeting, a majority of the Members present will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place to which the meeting is adjourned, until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed; but only those Members entitled to vote at the meeting as originally noticed will be entitled to vote at any adjournment or adjournments thereof.

### Section 3.12 Voting

Each Member will be entitled at each Members' meeting and upon each matter presented at such meeting to one vote for each El Pollo Loco® restaurant located in the Association Area that the Member owns, or, in the case of Franchisor, owns or operates. Notwithstanding the fixing of the record date in Section 3.10, Members may only participate in and vote at meetings subject to being in good standing, in accordance with the Bylaws, both on the record date and at the time of the meeting. Furthermore, in the event that a meeting is postponed or continue, a Member must be in good standing at the time the meeting is reconvened in order to participate and vote at the meeting.

Any Member who is not in good standing pursuant to Section 3.4(a) hereof shall have all rights and privileges of membership (including the right to vote and participate as a Member, director or officer in any meeting) suspended. Any Member who is not in good standing pursuant to Section 3.4(b) hereof shall have its right to vote (but not its right to participate) suspended at any meeting of the members or the board of directors of the Corporation. Any dispute regarding the good standing of a Member and its right to vote at a membership meeting will be determined conclusively by the Chairman of the meeting, in conjunction with the representative of the Franchisor present at the meeting, which determination will be final and binding. Any such suspension shall continue until the Member is in good standing again.

The list of Members must be produced at any Member's meeting upon the request of any Member. Upon the demand of any Member, the note upon any question before the meeting must be by written ballot. Except as otherwise provided by these bylaws, by the Act, or by the Articles of Incorporation, all matters will be decided by a majority of the votes of Members present at the meeting. There is no cumulative voting for directors or on any other matter.

### Section 3.13 Representatives

If a Member is a corporation, limited liability company, partnership or other business entity, the Member will duly authorize one (1) person to represent its interests at Association meetings (the "**Representative**"). The Representative must be a: (i) shareholder, partner, member (in case of an LLC), director or officer of the Member; or (ii) the Member's Operating Partner, as defined in the Member's Franchise Agreement; or (iii) in the event the Member is Franchisor or one of its affiliates, an officer or other designated representative of Franchisor or its affiliate. The Corporation shall be entitled to rely on any written authorization appointing the Representative that the Corporation in good faith believes to be valid unless and until the Corporation shall have received an authorization for a successor Representative that the Corporation in good faith believes to be valid. The Corporation shall be entitled to rely on the Representative's decisions, votes and consents to bind the Member at any such meeting without any further inquiry. The same person can be a Representative for more than one (1) Member.

### **Section 3.14 Action Without Meeting**

Any action of the Members of the Corporation may be taken without a meeting, without prior notice and without a vote, if one or more consents in writing, setting forth the action so taken, are signed by the Members having not less than two-thirds (2/3) of the votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Such consents must be delivered to the Corporation in the manner required by the Act. Neither the Articles of Incorporation nor these Bylaws will be construed, interpreted or deemed to have, in any way, limited or prevented the utilization of the ability to take written action in lieu of formal meetings as may be permitted by the Act.

### **Section 3.15 Organization**

Meeting of the Members must be presided over by the President, or if he is not present, by the Vice President, if a Vice President has been elected, or if neither the President nor the Vice President is present, then by a chairman to be chosen by a majority of the Members entitled to vote who are present in person at the meeting. The Secretary of the Corporation, or in his absence, the Assistant Secretary, will act as secretary of every meeting, but if neither is present, the Members entitled to vote who are present in person may choose any person present to act as secretary of the meeting.

At all meetings of the Members the order of business will be as follows:

- (1) Calling meeting to order.
- (2) Proof of notice of meeting and determination of quorum.
- (3) Reading and disposing of minutes of previous meeting.
- (4) Announcement of purposes for the meeting.
- (5) Reports of officers.
- (6) Unfinished business.
- (7) New business, including election of directors if an annual meeting.
- (8) Adjournment.

### **Section 3.16 Member Meetings by Telephone**

Any Member may participate in a Members' meeting, or may conduct a Members' meeting through the use of, any means of communication enabling all persons participating in the meeting to hear each other at the same time during the meeting. Participating by such means will constitute presence in person at a meeting.

## **ARTICLE 4**

### **Directors**

#### **Section 4.1 Number**

There will be at least three (3) directors on the Board. From time to time, the exact number of directors may be determined by vote of the Members at any time, but never less than three (3) and never an amount less than as otherwise required by the Act.

#### **Section 4.2 Vacancies**

Whenever a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors or the removal of one (1) or more directors, it may be filled by the affirmative vote of a majority of the remaining directors even if the remaining directors constitute less than a quorum.

#### **Section 4.3 Removal of Directors**

Any director may be removed with or without cause by vote of a majority of the Members at a membership meeting, or by written action in lieu of meeting signed by the Members having not less than two-thirds (2/3) of the votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted.

#### **Section 4.4 Qualification**

Each director must be either a Member (if the Member is an individual) or the Member's Representative. If there are less than three (3) Members at any time, then the franchisor, through Franchisor's representative designated as its "**Member's Representative**", shall have the right to designate two (2) directors one of which shall be the Member's Representative and the other shall be an officer of Franchisor. However, any director serving on the Board of Directors will be automatically suspended at any time during which he or she, or the business organization for which he or she is the Representative, is not in good standing. In addition, directors will be automatically removed as directors if, at any time, the Member with which they are associated is expelled from membership or is no longer a franchise of the Franchisor either because the Franchise Agreement has expired or it has been terminated or transferred.

#### **Section 4.5 Terms**

Directors will hold office until their respective successors are duly elected and qualified or until there is a decrease in the number of directors.

#### **Section 4.6 Resignation**

Any director may resign at any time. Such resignation will be made in writing and will take effect upon its delivery to the President or the Board of Directors or its Chairman.

#### **Section 4.7 Powers**

Except for those rights reserved to the Members under these bylaws, the business of the Corporation will be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not prohibited by the Act, by the Articles of Incorporation or by these Bylaws. The Board of Directors will determine the compensation, if any, to be paid to each officer and director of the Corporation, including those officers who may also be directors.

#### **Section 4.8 Meetings**

The Board of Directors of the Corporation may hold meetings, whether annual or special, either within or without the State of Missouri, The annual meeting of the Board of Directors for the purpose of electing officers and transacting such other business as may be brought before the meeting will be held at such time and place as the Board of Directors may determine. The Board of Directors may by resolution provide for the time and place of other regular meetings, and no notice of such regular meetings need to be given.

All other meetings of the Board may be called on the written request of (i) any director or (ii) Members with 25% of the voting rights of Members in good standing, at such time and place as may be stated in such request.

In accordance with the terms of the [NAME OF AREA] El Pollo Loco® restaurant Advertising Association Authorization Agreement, a representative of Franchisor shall be entitled to notice of all regular an special meetings of the Board of Directors of the Corporation and shall have the right to attend all meetings, either in person or in any other manner of attendance authorized in these Bylaws. However, unless the Franchisor is a Director of the Corporation, the Franchisor representative shall have no right to participate in any action of the Board of Directors in accordance with Sections 4.10 and 4.11 of these Bylaws.

#### **Section 4.9 Notice of Special Meetings**

Written notice of the place, day and hour of any special meeting of the Board of Directors must be given by or under direction of the Secretary, to each director at least two (2) days before the meeting; provided, however, that oral notice may be given to directors in lieu of written notice so long as the party giving the notice to the directors files with the Corporation a written statement of the date, time, place and manner of the oral notices. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors, need be stated in the notice or waiver of notice of such meeting.

#### **Section 4.10 Action Without a Meeting**

Any action required to be taken, or which may be taken, at a meeting of the Board of Directors may be taken without a meeting, if a consent in writing, setting forth the action so to be taken, is signed by all of the directors entitled to vote. Such consent will have the same effect as a unanimous vote.

#### **Section 4.11 Quorum and Voting**

At all meetings of the Board, a majority of the directors then in office will constitute a quorum for the transaction of business. The act of a majority of directors present at a meeting where a quorum is present will be the act of the Board of Directors, except as may be otherwise specifically provided by law, the Articles of Incorporation or



these Bylaws. If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting, without further notice, from time to time and place to place until a quorum will have been obtained.

**Section 4.12 Organization**

The President of the Corporation will act as Chairman and the Secretary will act as Secretary at all meetings of the Board.

**Section 4.13 Compensation**

Directors must not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board a fixed fee and /or expenses of attendance may be allowed for attendance at each meeting.

**Section 4.14 Attendance by Telephone**

Any member or members of the Board of Directors will be deemed present and voting at a meeting of the Board if said member or members participate in the meeting by means of a conference telephone or other communications equipment enabling all persons participating in the meeting to hear other at the same time. Participation by such means will constitute presence in person at a meeting.

**ARTICLE 5  
Officers**

**Section 5.1 Officers**

The officers of this Corporation will consist of a President, a Secretary and a Treasurer, and may consist of such other officers, including but not limited to one (1) or more Vice Presidents, Assistant Secretaries and Assistant Treasurers with such titles, powers and duties as may be prescribed from time to time by the Board of Directors. They will be elected by the Board of Directors at its annual meeting.

**Section 5.2 Term of Office; Vacancies**

Each officer shall hold office for one (1) year and until such officer's successor is duly elected and qualified. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors.

**Section 5.3 Removal of Officers**

Any officer may be removed at any time with or without cause by action of the Board of Directors by the affirmative vote of a majority of the directors then in office. Election or appointment of an officer will not of itself create contract rights.

#### **Section 5.4 Resignations**

An officer may resign at any time by delivering notice to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date of the pending vacancy.

#### **Section 5.5 Compensation**

No compensation will be paid to any officer of the Corporation, except the Board of Directors may determine a fixed fee or other reimbursement for expenses.

#### **Section 5.6 Refund of Payment**

In the event that the Internal Revenue Service disallows, in whole or in part, the deduction by the Corporation as an ordinary and necessary business expense of any payment made to an officer of the Corporation, whether as salary, commission, bonus or other form of compensation or as interest, rent or reimbursement of expenses incurred by such officer, such officer must reimburse the Corporation to the full extent of such disallowance. The Board of Directors of the Corporation will have the duty to require each such officer to make such reimbursement, and it will be the legal duty of each such officer thus to reimburse the Corporation.

#### **Section 5.7 Powers and Duties**

A. In General. The officers of the Corporation will have such powers and duties as generally pertain to their respective offices, including the powers and duties provided by these Bylaws, as well as such powers and duties as from time to time may be conferred by the Board of Directors.

B. President. The President will:

- (1) preside at all meetings of the Board of Directors in the absence of the Chairman of the Board, if any;
- (2) present at each annual meeting of the directors a report of the condition of the business of the Corporation;
- (3) cause to be called regular and special meetings of the directors in accordance with these Bylaws;
- (4) jointly with the Treasurer, sign and make contracts and agreements in the name of the Corporation;
- (5) see that the books, reports, statements and certificates required by statute are properly kept and filed according to law;
- (6) jointly with the Treasurer, sign notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn on behalf of the Corporation;

(7) supervise all employees of the Corporation including the hiring and firing of such employees as he or she deems advisable; and

(8) jointly with the Treasurer, purchase on behalf of the Corporation, tangible or intangible assets; and

(9) have general charge of and control over the affairs of the Corporation and perform the entire duties incident to such position and office, the enforcement of these Bylaws and all other things which the President is required to do by law.

C. Vice President. The Vice President, if any will;

(1) in the absence or disability of the President, perform the duties and exercise the powers of the President; and

(2) perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

D. Secretary. The Secretary will:

(1) prepare the minutes of the meetings of the Board of Directors and keep the minutes in appropriate permanent books of record;

(2) give and serve all notices of the Corporation;

(3) be the custodian of the records and of the seal, and affix the latter when required, and authenticate records of the Corporation when required; and

(4) attend to all correspondence and perform all the duties incident to the office of the Secretary.

E. Treasurer. The Treasurer will:

(1) keep accounts of and have the care and custody of and responsible for all the funds and securities of the Corporation;

(2) deposit all such funds in the name of the Corporation in such bank or banks, trust company or trust companies, or safe deposit vaults as the Board of Directors may designate;

(3) exhibit, at times required by law or these Bylaws, the corporate financial books and accounts to any director upon application at the office of the Corporation during business hours;

(4) render a statement of the condition of the finances of the Corporation (at each regular meeting of the Board of Directors, and at such other times as it will be required of the Treasurer) and a full financial report at the annual meeting of the directors;

(5) keep at the office of the Corporation current books of account of all its business transactions and such other books of account that the Board of Directors may require;

(6) jointly with the President, sign and make contracts and agreements in the name of the Corporation:

(7) jointly with the President, sign notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn on behalf of the Corporation;

(8) jointly with the President, purchase on behalf of the corporation, tangible or intangible assets, and

(9) do and perform all other duties pertaining to the office of the Treasurer.

F. Assistant Secretary and Assistant Treasurer. The Assistant Secretary or Assistant Secretaries and the Assistant Treasurer will, in the absence or disability of the Secretary, or Treasurer, respectively, perform the duties of such officer and generally assist, in the case of an Assistant Secretary, the Secretary, or an Assistant Treasurer, the Treasurer.

### **Section 5.8 Delegation of Duties**

In the case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board, the Board of Directors may delegate such officer's respective powers or duties to any other officer or to any director or agent of the Corporation for a specified period or until said delegation is revoked by the Board of Directors, provided that such delegation is otherwise permitted by law and by the Articles of Incorporation and these Bylaws.

## **ARTICLE 6 Contributions**

### **Section 6.1 Contributions**

The Members will determine at the final quarterly Member meeting of the fiscal year the amount of contributions to be paid to the Corporation by its Members during the succeeding fiscal year. The amount of the contributions will generally be a percentage of Gross Sales, as defined in the most recent Disclosure Document issued by the Franchisors, uniform among Members on a per El Pollo Loco® restaurant basis. The Members may, subject to Franchisor's approval, vary the level of benefits and/or contributions for any El Pollo Loco® restaurant that is located in a geographical area in which broadcast coverage is less than eighty-five percent (85%), according to the most recent A.C. Nielsen or Arbitron coverage study, in order to achieve approximate equivalence in contributions and benefits of Members. If any Restaurants of a Member are located in geographical areas covered, according to the most recent A.C. Nielsen or

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Arbitron coverage study, by more than one regional advertising association, the variation in benefits and/or contribution may be coordinated with such other regional advertising association.

### **Section 6.2 Payment of Contributions**

Subject to the terms of the *[NAME OF AREA]* El Pollo Loco® restaurant Advertising Association Authorization Agreement, the Board of Directors will set the dates and method of payment for contributions. However, Members will not have to pay their contributions for new Restaurants until after their El Pollo Loco® restaurant have opened for business.

### **Section 6.3 Default in Payments**

The Board of Directors will establish policies and procedures for dealing with situations in which Members have not timely paid contributions. The Board of Directors may set interest rates and fees to offset administrative expenses, collection costs, etc. for delinquent payments.

## **ARTICLE 7 Notices**

### **Section 7.1 Recording**

Whenever these Bylaws require notice to be given to Members, directors, or committee members, proof of such notice whether given by mail, e-mail, telecopy, telephone, telegraph, cablegram or by personal contact will be recorded and filed by the Secretary in the minute book and incorporated into the minutes for the meeting to which such notice pertains.

### **Section 7.2 Waiver**

Whenever any notice of a meeting is required to be given under the provisions of the Act, of the Articles of Incorporation, or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice either before, at, or after the meeting, will be deemed equivalent to such required notice. Attendance of a person entitled to notice at a meeting will also constitute a waiver of notice of such meeting; provided, however, that such attendance will not constitute such a waiver if said person attends said meeting solely for the purpose of, and limits his participation at the meeting to, objecting to the transaction of any business because the meeting is not lawfully called or convened and states such objection at the beginning of the meeting.

## **ARTICLE 8 Designated Financial Agents, Signatures and Seal**

### **Section 8.1 Designated Financial Agents**

All funds of the Corporation will be deposited in the name of the Corporation in such bank or other financial institutions as the Board of Directors may from time to time

designate and will be drawn out on checks, drafts or other order signed on behalf of the Corporation by such person or persons as the Board of Directors may from time to time designate.

### **Section 8.2 Other Agreements**

Except as otherwise specifically provided by these Bylaws, all contracts, agreements, deeds, bonds, mortgages and other obligations and instruments must be signed on behalf of the Corporation by the President and Treasurer or by such other officers or agents as the Board of Directors may from time to time by resolution provide.

## **ARTICLE 9 Amendments of Bylaws**

The Bylaws may be altered, amended or repealed only by the Members at a meeting of Members, provided that the notice of the meeting contains a written proposal to amend these Bylaws along with the text of the amendments, and subject to the prior written approval of Franchisor in accordance with the [NAME OF AREA] El Pollo Loco® restaurant Advertising Association Authorization Agreement. Nevertheless, the amendment of any Bylaw or replacement of these Bylaws will not be effective unless it has been approved by a voting requirement that is in excess of the voting requirement that it is replacing. In other words, voting requirement specifying approval by two-thirds (2/3) can only be changed by a vote of at least that number.

## **ARTICLE 10 Indemnification**

### **Section 10.1 Indemnification in Proceedings Other Than Actions by, or in the Right of, the Corporation**

The Corporation will indemnify any person who was or is a party to any proceedings (other than an action by, or in the right of, the Corporation), by reason of the fact that he or she is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, committee member, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against liability incurred in connection with such proceeding, including any appeal thereof, if the indemnitee acted in good faith and in a manner he 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.

### **Section 10.2 Indemnification of Persons Parties to a Proceeding by or in the Right of the Corporation**

The Corporation will indemnify any person who was or is a party to any proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as the director, officer,

employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses and amounts paid in settlement not exceeding, in the judgment of the Board of Directors, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof. Such indemnification may be authorized if 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. Provided, however, that no indemnification may be made hereunder in respect of any claim, issue, or matter as to which such person has been adjudged to be liable, unless, and only to the extent that, the court in which such proceeding was brought, or any other court of competent jurisdiction, determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court deems proper.

### **Section 10.3 Mandatory Indemnification**

To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any proceeding referred to in Sections 10.0 and 10.2 above, or in defense of any claim, issue or matter therein, he or she must be indemnified against expenses actually and reasonably incurred by him or her in connection therewith.

### **Section 10.4 Authorized of Indemnification is Required**

Any indemnification under Sections 10.1 and 10.2, unless pursuant to a determination by a court, may be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 10.1 or 10.2. Such determination must be made pursuant to any procedures outlined by the Act, if any.

### **Section 10.5 Additional Conditions to Indemnification**

The Board, by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding to which the indemnification relates, may impose such additional conditions upon any form of indemnification as the Board may deem appropriate, including, but not limited to, the right to assume the defense in appropriate circumstances, the right to select the attorney representing the indemnified person and the right to settle.

### **Section 10.6 Prepayment of Expenses**

Expenses (including attorneys' fees and expenses) incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon a preliminary determination following the procedures set forth in Section 10.04 that such indemnified person meets the applicable standard of conduct referred to therein and subject to any conditions imposed by the Board pursuant to this Article and the prior receipt by the Corporation of an undertaking satisfactory in form and substance to the Corporation that such person will promptly repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the Corporation as authorized in this Article 10.

**Section 10.7 Indemnification Disallowed in Certain Circumstances**

The indemnification provided pursuant to this article may not be made to or on behalf of any director, officer, employee, or agent if a judgment or other final adjudication establishes that his or her actions, or omissions to act, were material to the cause of action so adjudicated and constitute:

- A. a violation of the criminal law, unless the director, officer, employee or agent had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful;
- B. a transaction from which the director, officer, employee or agent directly or indirectly derived an improper personal benefit;
- C. in the case of a director, a circumstance under which the director would be liable to the Corporation under the Act; or
- D. willful misconduct or a conscious disregard for the best interests of the Corporation in a proceeding by or in the right of the Corporation to procure a judgment in its favor.

**Section 10.8 Nonexclusively**

The Corporation has the power to make any other or further indemnification of any of its directors, officers, members of any committee, or any other person that the Corporation has the power by law to indemnify, including without limitation, employees or agents of the Corporation, under any bylaw, agreement, vote of disinterested directors, or otherwise, both as to action in any official capacity and as to action in another capacity while holding such office, except an indemnification against gross negligence or willful misconduct. The indemnification as provided in this Article will continue as to any person who has ceased to be a director, officer, or agent and will insure to the benefit of such person's heirs and personal representatives.

**ARTICLE 11  
General Provisions**

**Section 11.1 Fiscal Year**

The fiscal year of the Corporation shall be either fifty-two (52) or fifty-three (53) weeks and end on the last Saturday in December of each year.

**Section 11.2 Gender and Number**

Whenever the context requires, the gender of all words used herein includes the masculine, feminine and neuter, and the number of all words includes the singular and plural thereof.



**Section 11.3 Articles and Other Headings**

The Articles and other headings contained in these Bylaws are for reference purposes only and will not affect the meaning or interpretation of these Bylaws.

**Section 11.4 Minutes, Books and Records of Account**

The Corporation will keep correct and complete books and records of account and will keep minutes of the proceedings of its Board of Directors and other records as required by the Act.

**Section 11.5 Statutory Cites**

Any reference in these Bylaws to the Act will include all revisions and amendments to the Act.

**EXHIBIT 7 TO FRANCHISE AGREEMENT**

**EL POLLO LOCO® FINANCIAL REPORTING FORM**

You will be required to submit quarterly and year-end financial statements electronically in the following format. The financials should be comparative showing the prior year amounts for the same periods. There should be columns for both the recently completed quarter and a Year-to-date column, if applicable. Do not include officer's salary, auto expenses, or any other above restaurant expenses should not be included.

	<u>Amount</u>	<u>%</u>
Gross Sales	\$ 0	
Net Sales	0	100.0%
Food Cost	0	0.0%
Paper Cost	0	0.0%
Total Food & Paper	<u>0</u>	<u>0.0%</u>
Gross Profit	0	0.0%
Hourly and Manager labor	0	0.0%
Fringe Benefits (a)	0	0.0%
Total Labor	<u>0</u>	<u>0.0%</u>
Utilities	0	0.0%
Repair and Maintenance	0	0.0%
Cash Over/Short	0	0.0%
Controllable Costs (b)	<u>0</u>	<u>0.0%</u>
Restaurant Controllable Profit	0	0.0%
Advertising	0	0.0%
Royalties	0	0.0%
Indirect Costs (c)	0	0.0%
Occupancy Costs (d)	<u>0</u>	<u>0.0%</u>
Restaurant Operating Profit	\$	%

- (a) To include payroll taxes, health benefits, vacation, and workers compensation expense.
- (b) To include trash, store security, uniforms, laundry, cleaning/janitorial, operating supplies, music and plant service, landscape, and other misc. restaurant costs not captured elsewhere.
- (c) To include credit card fees, bank charges, licenses, permits, fees, and pre-opening costs.
- (d) To include minimum and percentage rent, property taxes and insurance.

**EXHIBIT 8 TO FRANCHISE AGREEMENT**

**IT SUPPORT SERVICES AGREEMENT**

**Customer:**  
**Franchise Store Number(s) Covered:**  
**Customer Site(s):**  
**Effective Date:**  
**Customer's Authorized Representative(s)/Contacts:**  
**Invoices to Customer to be sent to:**  
**Notices, if to Customer, to be sent to:**  
**El Pollo Loco IT:**  
**Notices, if to El Pollo Loco IT, to be sent to:**  
**Term Commencement Date:**  
**Term Expiration Date\*:** \_\_\_\_\_\*  
**Service Level Description** See Attached EPL IT Standard Platinum Service Description  
**Annual Fees:** See Attached Franchise Support Options  
**Special Terms:** See Website

**The authorized representatives of Customer and El Pollo Loco, intending to be legally bound, agree to the terms and conditions of this Agreement, including without limitation documents incorporated by reference, as of the Effective Date.**

**El Pollo Loco IT: EL POLLO LOCO, INC,** a Delaware corporation

**Customer:**

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\* The initial term of this Agreement will expire on June 30, 2014 and will continue in effect on July 1, 2014 per Paragraph 8 of this Agreement, unless terminated by either party per Paragraph 8 of this Agreement.

## TERMS AND CONDITIONS

1. **Performance.** El Pollo Loco Informational Technology (“**EPL IT**”) shall make available to Customer certain operations support services for the Service Level designated on the first page of this Agreement (“**Services**”) based on EPL IT’s standard description of services for such Service Level in accordance with the terms and conditions of this Agreement. The Services are limited to the standard EPL franchise store configuration unless otherwise agreed upon in writing by EPL IT (“**Standard Store Configuration**”). The Services are limited to those listed in the Services Descriptions in this Agreement and will be performed for the stated pricing. EPL IT shall perform additional services as detailed and mutually agreed to by the Parties upon additional payment by Customer, Services will be performed during EPL IT’s normal business hours as listed in the Services Descriptions. EPL IT reserves the right to restrict access to the Services during periods of routine back-up, maintenance, scheduled downtime and other activities outside such normal business hours. Information relevant to Services may be posted on the EPL internal customer website (“**Website**”). Information in the Website or other EPL documents, may be changed or updated without notice. EPL may also make improvements and/or changes in the Services or pricing at any time without notice.

2. **Customer Obligations.** As a condition precedent to EPL IT performing its obligations hereunder, and in addition to Customer’s other obligations as set forth in EPL IT’s standard description of services for the applicable Service Level, Customer shall timely provide the following at no charge to EPL IT: (a) access to and use of reasonable working space, facilities and utilities, (b) any information, software, equipment, data and/or documentation (collectively, “**Data**”) that EPL IT reasonably requests from Customer that is necessary for EPL IT to properly perform its obligations hereunder; and (c) all components in the Standard Store Configuration and all updates, enhancements, upgrades and replacements thereto recommended or otherwise identified in writing by EPL IT. Customer represents to EPL IT that it has the right to grant EPL IT access to such facilities and Data for the performance of the Services. Such Data shall be kept confidential by EPL IT in accordance with Section 4. In the event that there are any delays by Customer in the timely providing of facilities, access, Data, or the Standard Store Configuration or there are errors or inaccuracies in the Data or the Standard Store Configuration provided, and such delays, errors or inaccuracies require additions, corrections or modifications related to EPL IT’s performance hereunder, then any costs associated therewith shall be the responsibility of Customer, and EPL IT shall be entitled to appropriate adjustments. Customer shall designate two points of contact who shall be the only people to make inquiries to EPL IT under this Agreement, as set forth on the first page of this Agreement. Each Customer contact must possess, or at Customer’s expense acquire the necessary familiarity, expertise and training on the Standard Store Configuration with direction by EPL IT. Prior to requesting support, Customer will comply with all published operating and troubleshooting procedures for the components of the Standard Store Configuration and, if such efforts are unsuccessful in eliminating the malfunction, Customer shall promptly notify EPL IT of any problems discovered in the operation of the Standard Store Configuration. Customer must identify the Franchise Store Number when accessing the Services. Customer must cooperate with EPL IT to maintain a site activity log. Customer will perform routine preventive maintenance and cleaning of the Standard Store Configuration Customer shall be solely responsible for the accuracy of all Data collected and submitted to third party suppliers for credit card processing. Customer shall comply with such reasonable policies, procedures and rules relating to the Services as EPL IT may from time to time publish on its Website or designate in writing to Customer. Customer shall educate and train their restaurant managers in how to run their point of sales. Customer will ensure that all third parties, including its employees or contractors, using the Services or any components of Customer’s Standard Store Configuration abide by Customer’s obligations under this Agreement in their use thereof. Any act or omission of any third party related to Customer’s obligations hereunder or the use of any Services, Reports or Standard Store Configuration shall be deemed to be the act or omission of Customer for all purposes whether or not Customer had knowledge of or had authorized such act or omission.

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3. Price and Payment Terms. In consideration for the Services performed pursuant to this Agreement, Customer shall pay EPL IT based upon the fees specified on the first page of this Agreement (“**Fees**”). Such Fees shall cover 6 months of services from the term commencement date set forth on the first page. EPL IT reserves the right to increase the Fees at any time, which would take effect upon the first day of the following month by providing Customer with thirty (30) days prior written notice setting forth the adjustment to the Fees. The Fees shall be due based upon the term specified on the first page of this agreement (“**TERMS**”). EPL IT shall automatically debit the Customer’s account via ACH funds transfer in accordance with the fee’s and terms indicated on the first page of this agreement. The first installment is due and payable on the first day of this agreement. Subsequent payments or account ACH funds transfers will be made according to the schedule specified under term indicated on the first page of this agreement. Reasonable and properly documented out-of-pocket travel and living expenses incurred by EPL IT personnel during their performance of the Services shall be reimbursed by Customer at the actual costs incurred by EPL IT, subject to any limitations on the first page of this Agreement. In the event that EPL IT, or their designated representative, provides services, which it determines, in its reasonable discretion, to be outside the scope of the Services which would include, but is not limited to, software license fees, software updates, hardware updates associated with software updates, onsite services, consulting services, Customer shall be timely in paying invoices at the Professional service rates described under Complete I.T. Operations Support plus materials charges incurred in the performance of such services or if an outside designated representative is used, at the rate they charge plus materials charges incurred in the performance of such services. Invoices for any services performed outside the scope of EPL IT’s standard description of services for the applicable Service Level and travel and living expenses incurred shall be submitted to Customer by EPL IT on a monthly basis. Customer may not withhold or set off any amounts due. All sums payable to EPL IT shall be made in United States dollars and due thirty (30) days from the date of EPL IT’s invoice. All amounts past due shall accrue interest from their due dates at the rate of one and one-half percent (1.5%) per month or the maximum percentage allowable by law (whichever is less). All amounts due (including the Fees) do not include any federal, state or local sales, use or excise taxes or other charges assessed against or payable by EPL IT in connection with this Agreement, and Customer shall pay to EPL IT the amount of any such taxes that EPL IT may be required to pay on account of its performance under this Agreement except for any franchise tax or tax based upon EPL IT’s net income or personal property. EPL IT reserves the right to cease performance and assert appropriate liens if all amounts are not paid in full when due.

4. Confidential & Proprietary Information. Each party shall maintain in strict confidence, and not disclose or distribute to any third person any Confidential Information of the other party for a period of three (3) years from the date of disclosure (except with respect to trade secrets, which shall be kept confidential until no longer qualifying as a trade secret). “**Confidential Information**” shall mean the information disclosed by either party pursuant to this Agreement that is (a) stamped or otherwise marked as being confidential by the disclosing party, (b) if disclosed in oral form, identified as confidential at the time of oral disclosure and is summarized by the disclosing party in a written memorandum marked as confidential and delivered within ten (10) business days after such disclosure, or (c) of such a nature as to put a reasonable party on notice as to the confidentiality of the information disclosed. Confidential Information does not include any information that: (i) entered the public domain through no fault of the receiving party; (ii) is rightfully received by the receiving party from a third party without similar non-disclosure obligations; (iii) is already known to the receiving party prior to disclosure by the disclosing party; (iv) is independently developed by the receiving party without reference to the Confidential Information of the disclosing party, or (v) is required to be disclosed by law, provided that the party intending to make such required disclosure shall promptly notify the other party of such intended disclosure in order to allow such party to seek a protective order or other remedy. The obligations set forth above in this Section shall not affect EPL IT’s ownership of Inventions (as defined in Section 5) and all intellectual property rights therein, or EPL IT’s full exercise of those Inventions and intellectual property rights, so long as EPL IT does not disclose Customer’s Confidential Information. All Inventions shall constitute EPL IT’s Confidential Information.

5. Proprietary Rights. EPL IT or its subcontractors or suppliers, as applicable, retain sole ownership of all designs, engineering details, data, methodologies, ideas, concepts, discoveries, inventions, improvements, works of authorship, technology or information, and all enhancements,

modifications and derivative works thereof (collectively, “**Inventions**”), and all intellectual property rights therein, used or created by EPL IT or such subcontractors in the performance of the Services, and shall have the exclusive right to determine how to protect the Inventions. Reports or other work product delivered by EPL IT to Customer under this Agreement are provided to Customer with Limited Rights. “**Reports**” means the written reports or work product specifically produced by EPL IT in performing the Services and specified to be an item delivered to Customer. “**Limited Rights**” means the right of Customer to use the Reports in operating Customer’s Standard Store Configuration for Customer’s own internal business purposes only, but in no event the right to make copies, modifications, enhancements or derivative works thereof or resell, distribute, exploit or sublicense such Reports or any portion thereof. EPL IT retains for itself, its parent company, affiliates and subsidiaries, the right to retain and make copies of the Reports and to make use of the contents thereof for its and their business use and, as to any portion of such contents that is not Customer’s Confidential Information, to make use thereof for any purpose, whether internal or otherwise.

6. **Limited Warranty.** EPL IT warrants to Customer only that: (i) for a period of thirty (30) days from the date of completion of its performance of a particular task under the Services, the particular task will be performed in a good and workmanlike manner consistent with standard industry practices employed by persons knowledgeable in the field of computers and within the limits of the technology embodied in the Standard Store Configuration; and (ii) for a period of thirty (30) days from the date of delivery of a particular Report, that Report will be free from material defects in workmanship and materials, and will conform in all material respects to the applicable descriptions or specifications provided by EPL IT to Customer. In the event of a breach by EPL IT of the foregoing warranty of which Customer notifies EPL IT in writing during the warranty period, EPL IT’s sole obligation and Customer’s exclusive remedy shall be for EPL IT to use commercially reasonable efforts to re-perform the task or to correct the portion of the Report that does not conform to such warranty. In the event EPL IT is unable to re-perform such task or to make such corrections, as applicable, the sole remedy of Customer and EPL IT’s sole obligation shall be to recover the compensation actually paid to EPL IT for the Service or the Report giving rise to such warranty failure. This limited warranty with respect to any Services or Reports shall be voided in the event Customer: (i) makes additions to, alters, modifies, enhances, changes, repairs or disassembles or reverse engineers the Standard Store Configuration, or fails to maintain the Standard Store Configuration (or any component thereof or any equipment or facilities upon which such component depends) in good working order or the environmental conditions within the operating range specified by the manufacturer of the components in the Standard Software Configuration or EPL IT; (ii) uses the Standard Store Configuration or any Report in a manner for which it was not designed, or in an incompatible operating environment; or (iii) mishandles, abuses, misuses or damages the Standard Store Configuration. THE LIMITED WARRANTY STATED IN THIS SECTION AND THE REMEDIES FOR A FAILURE OR BREACH OF SUCH LIMITED WARRANTY ARE EXCLUSIVE. THEY ARE GIVEN TO CUSTOMER IN LIEU OF ALL OTHER WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ACCURACY, QUIET ENJOYMENT, NON-INFRINGEMENT, OR COURSE OF PERFORMANCE OR DEALING, WHICH EPL IT SPECIFICALLY DISCLAIMS.

7. **Limitation of Damages.** IN NO EVENT SHALL EPL IT (OR ITS SUPPLIERS) BE LIABLE TO CUSTOMER FOR LOST PROFITS, LOSS OR INTERRUPTION OF BUSINESS, LOSS OF DATA OR ANY SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, HOWEVER CAUSED, AND WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER THEORY OF LIABILITY. THE FOREGOING LIMITATION SHALL APPLY EVEN IF EPL IT (OR ITS SUPPLIERS) KNOW OR HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE AND NOTWITHSTANDING ANY FAILURE OR ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED FOR HEREIN. EXCEPT IN RESPECT OF INJURY TO OR DEATH OF ANY PERSON RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF EPL IT, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS (FOR WHICH NO LIMIT APPLIES), IN NO EVENT WILL EPL IT’S ENTIRE LIABILITY UNDER THIS AGREEMENT EXCEED THE GREATER OF (A) THE FEES PAID TO EPL IT FOR THE AFFECTED SERVICE OR REPORT UNDER THIS AGREEMENT OR (B) \$5,000.00. IN NO EVENT SHALL EPL IT HAVE ANY LIABILITY FOR ANY COMPONENT OF THE

STANDARD STORE CONFIGURATION (AS DESCRIBED IN THE EPL IT STANDARD SERVICES DESCRIPTION). IN ADDITION, EPL IT SHALL NOT BE LIABLE UNDER ANY CLAIM BROUGHT UNDER ANY THEORY OF LAW THAT AROSE MORE THAN ONE (1) YEAR PRIOR TO THE INSTITUTION OF SUIT THEREON. EPL IT SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY DELAY IN FURNISHING ANY COMPONENT OF THE STANDARD NETWORK OPERATING ENVIRONMENT, ANY REPORTS, ANY SERVICES, OR ANY OTHER PERFORMANCE UNDER OR PURSUANT TO THIS AGREEMENT. EACH PARTY ACKNOWLEDGES AND AGREES THAT THE FOREGOING LIMITATIONS ON LIABILITY ARE ESSENTIAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES AND THAT IN THE ABSENCE OF SUCH LIMITATIONS, THE MATERIAL AND ECONOMIC TERMS OF THIS AGREEMENT WOULD BE SUBSTANTIALLY DIFFERENT.

8. Term & Termination. This Agreement shall commence on the term commencement date set forth above and continue in effect unless earlier terminated by a party for default. Either party shall have the right to terminate this Agreement at the end of each 12 month period of Services by providing the other party with thirty (30) days prior written notice. If no cancellation notice is received, EPL IT shall have the right to automatically renew this contract for a period of 12 months. EPL IT shall have the right to terminate this Agreement immediately by written notice if Customer fails to pay annual Fees due on or before the end of the applicable 12 month period for the Services or at any time for any reason upon sixty (60) days prior written notice.

9. Default. If any material breach of this Agreement continues uncorrected for more than thirty (30) days after written notice from the aggrieved party describing the breach, the aggrieved party shall be entitled to declare a default, suspend performance, terminate this Agreement, and pursue any and all other remedies available at law or equity, except as specifically limited elsewhere in this Agreement.

10. Notices. Notices, authorizations and other official communications under this Agreement shall be transmitted in writing by prepaid United States certified mail, return receipt requested, or overnight receipted courier, to EPL IT, at the address and attention of the person set forth on the first page of this Agreement for EPL IT and to Customer, to the billing address and attention of the person set forth on the first page of this Agreement for Customer. Any notice given pursuant to this Section shall be deemed to have been received, in the case of certified mail, on the date of receipt as evidenced by the U.S. Postal Service return receipt card, and, in the case of overnight courier, on the next business day after sending, unless documented otherwise by recipient. All notices must be in the English language.

11. Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party, in whole or in part, without the prior written consent of the other party, such consent not to be unreasonably withheld. Notwithstanding the preceding sentence, either party may assign this Agreement to its parent company or another affiliated company without the consent of the other party but upon written notice to the other party; provided that the successor unconditionally agrees in writing to be bound by the terms and conditions of this Agreement.

12. Subcontracting. EPL IT reserves the right to subcontract such portions of the Services to subcontractors of EPL IT's choice as it deems appropriate, provided that no such subcontract shall relieve EPL IT of primary responsibility for performance of such Services.

13. Reserved Rights. EPL IT's service offerings are continually evolving. Accordingly, EPL IT reserves the right to make service substitutions and modifications and to modify or amend its standard description of services for each Service Level at any time by publication including posting on its Website or written notice to Customer. All Services will be delivered in English. EPL IT reserves the rights to charge Customer if dispatch is required, or if the restaurant support center receives excessive training calls as described under Franchise Support Options – Fee Schedule.

14. Indemnification. Each party shall indemnify, defend and hold harmless the other with respect to any third party claim alleging bodily injury, including death, or damage to tangible property, to

the extent such injury or damage is caused by the gross negligence or willful misconduct of the indemnifying party. Customer shall indemnify, defend and hold harmless EPL IT, at Customer's expense, from and against any action brought against EPL IT by a third party, to the extent that such action is based on a claim relating to Customer's Standard Store Configuration, Data or the performance of Services hereunder. A condition precedent to any obligation of a party to indemnify shall be for the other party to promptly advise in writing the indemnifying party of the claim and turn over its defense. The party being indemnified must cooperate in the defense or settlement of the claim, but the indemnifying party shall have sole control over the defense or settlement. If the defense is properly and timely tendered to the indemnifying party, then the indemnifying party must pay all litigation costs, reasonable attorney's fees, settlement payments agreed to by the indemnifying party and any damages finally awarded by a court; provided, however, that this shall not be construed to require the indemnifying party to reimburse attorney's fees or related costs that the indemnified party incurs either to fulfill its obligation to cooperate, or to monitor litigation being defended by the indemnifying party.

15. Independent Contractor. Nothing in this Agreement shall be interpreted or construed so as to create any relationship between the parties other than that of independent contracting entities. Neither party shall be authorized to obligate, bind or act in the name of the other party, except to the extent EPL IT is expressly authorized to do so in this Agreement.

16. Non-Solicitation. Customer shall not solicit or otherwise seek, directly or indirectly, to induce any of EPL IT's employees or contractors to work for Customer for a period of one (1) year after the employee or contractor ceases to be employed or otherwise utilized by EPL IT or one (1) year after the termination of this Agreement, whichever is greater. Prohibited solicitation includes, but is not limited to, the direct solicitation of any individual or contracting with a third party to intentionally solicit an individual covered by this Section.

17. Similar Services. Customer acknowledges that EPL IT is free to offer services or work product similar to the Services or Reports to other EPL IT customers or third parties without restriction or royalty to Customer.

18. Applicable Law. The rights and obligations of the parties and all interpretations and performance of this Agreement shall be governed in all respects by the laws of the State of California except for its rules with respect to the conflict of laws.

19. Force Majeure. In no event shall either party have any liability for failure to comply with this Agreement if such failure results from the occurrence of any contingency beyond the reasonable control of the party and which delays, interrupts or prevents such party from performing its obligations under this Agreement, including, without limitation, strike or other labor disturbance or shortage, riot, theft, flood, lightning, storm, any act of God, power failure, war, delays or failure of third party equipment, software or service suppliers, national emergency, interference by any government or governmental agency, embargo or seizure. The party affected by a force majeure event shall give notice thereof to the other party within ten days following the occurrence thereof and shall apprise the other party of the probable extent to which the affected party will be unable to perform or will be delayed in performing its obligations hereunder. The affected party shall exercise due diligence to eliminate or remedy the force majeure cause and shall give the other party prompt notice when that has been accomplished. Except as provided herein, if performance of this Agreement by either party is delayed, interrupted or prevented by reason of any event of force majeure, both parties shall be excused from performing hereunder while and to the extent that the force majeure condition exists after which the parties' performance shall be resumed.

20. Waiver. Failure by either party to require performance by the other party or to claim a breach of any provision of this Agreement will not be construed as a waiver of any right accruing hereunder or of any subsequent breach, and will not affect the effectiveness of this Agreement or any part hereof, or prejudice either party regarding any subsequent action.



21. **Invalidity.** If any provision of this Agreement is held invalid, the remaining provisions shall continue in full force and effect and the parties shall substitute for the invalid provision a valid provision which most closely approximates the economic effect and intent of the invalid provision.

22. **Attorneys' Fees.** In any dispute or litigation between the parties, the prevailing party shall be entitled to reasonable attorneys' fees and all costs of proceedings incurred in enforcing this Agreement.

23. **Entire Agreement.** This Agreement constitutes the entire agreement between EPL IT and Customer with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications and understandings of any nature and in any manner whatsoever relating thereto, but does not amend or supersede any Franchise Agreement between EPL and Customer. No agent, employee or representative of EPL IT has any authority to bind EPL IT to any affirmation, representation, or warranty concerning the Services and unless such affirmation, representation or warranty is specifically included within this Agreement, it shall not be enforceable by Customer or any assignee or sublicensee of Customer. Any terms and conditions on any Customer purchase order form or other document issued by Customer to implement this Agreement that are in addition to or in conflict with the terms and conditions of this Agreement shall be null and void, even if acknowledged in writing by EPL IT. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument, and facsimile signature shall be treated as originals.

### **EPL IT STANDARD SERVICES DESCRIPTIONS (Date: March 30, 2011)**

**For a current/updated EPL IT Standard Services Descriptions, click on:**

[http://www.myepi.net/no\\_auth/FranchiseHelpdeskAgreement.jsp](http://www.myepi.net/no_auth/FranchiseHelpdeskAgreement.jsp)

Platinum Service Descriptions

Unlimited number of calls per month per store

Standard Store Configuration includes:

- Back of house system
- Two front counter POS terminals with receipt printers
- Two drive thru POS terminals with receipt printer
- Two KDS systems (two monitors, two controllers, one kitchen printer)
- DSL Wide Area Network connection, router and firewall
- All local area network components including equipment rack, UPS, patch panel, patch cords, cabling infrastructure and data jacks
- Normal Business Hours are 8:00 A.M. to 5:00 P.M, Pacific Time Monday through Friday excluding EPL IT's normal published holidays and schedule downtimes for maintenance and support\*.

### **COMPLETE I.T. OPERATIONS SUPPORT**

#### **Hardware Service and Support.**

##### Manufacturer's warranty:

- a. **New Micros Equipment:** For the first year, this includes repair and/or replacement cost for all new POS hardware, including back of house server, KDS system, front of house terminals and cash drawers, receipt printers, network switch, UPS, and line conditioners for one year from date of purchase. After the first year, Customer can sign up for an extended warranty for the repair and/or replacement cost for all new POS hardware, including back of house server, KDS system, front of house terminals and cash drawers, receipt printers until the end of June of the current or upcoming

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year, whichever is earlier (“**Extended Warranty**”). To enroll for the Extended Warranty, Customer must notify EPL IT in writing at least 30 days prior to the Term Expiration Date of Customer’s IT Support Agreement. The Extended Warranty will continue in effect until the end of June of the current or upcoming year, whichever is earlier, unless earlier terminated by a party for default. Either party shall have the right to terminate this Extended Warranty at the end of each 12 month period of Services on the end of June anniversary date, by providing the other party with thirty (30) days prior written notice. If no cancellation notice is received, EPL IT shall have the right to automatically renew this contract for a period of 12 months. EPL IT shall have the right to terminate this Extended Warranty immediately by written notice if Customer fails to pay annual Fees due on or before the end of the applicable 12 month period for the Services or at any time for any reason upon thirty (30) days prior written notice.

- b. Used Micros Equipment: Should Customer purchase Used Micros Equipment, Customer will have to provide EPL IT with a model list of the Used Micros Equipment which will need to be approved by EPL IT. In addition, all Used Micros Equipment must be certified by Micros prior to going live. For the first year, Customer must enroll in the “Extended Warranty” for the repair and/or replacement cost for all used POS hardware, including back of house server, KDS system, front of house terminals and cash drawers, receipt printers. After the first year, Customer may enroll in an extended warranty for the repair and/or replacement cost for all Used POS hardware. To enroll for the Used Equipment Extended Warranty, Customer must notify EPL IT in writing at least 30 days prior to the Term Expiration Date of Customer’s IT Support Agreement. The Used Equipment Extended Warranty will continue in effect until the end of June of the current or upcoming year whichever is earlier, unless earlier terminated by a party for default. Either party shall have the right to terminate this Used Equipment Extended Warranty at the end of each 12 month period of Services on the end of June anniversary date, by providing the other party with thirty (30) days prior written notice. If no cancellation notice is received, EPL IT shall have the right to automatically renew this contract for a period of 12 months. EPL IT shall have the right to terminate this Used Equipment Extended Warranty immediately by written notice if Customer fails to pay annual Fees due on or before the end of the applicable 12 month period for the Services or at any time for any reason upon thirty (30) days prior written notice.

**Software Service and Support** includes:

- Using a small piece of software to correct a problem with a software program (“Patching”) of installed Micros RES 3700, currently version 4.7
- Patching of installed Micros Enterprise Management, currently version 4.7
- Patching of installed MyEpl.Net Web Based Portal
- Patching of critical security updates for installed operating system, currently version Windows XP
- Current updates on antivirus software
- Ghost software disaster recovery tool
- Proactive monitoring via EPL Alerts program

**Credit Card Processing Service and Support** includes:

- Processing Visa, MasterCard, American Express and Discover
- Help desk support via 1-888-POLLO-IT
- Secure high speed credit card authorization as primary
- Secure low speed credit card authorization as backup
- Gift card Processing

**Payment Card Industry (“PCI”) Program** includes:

- Educating EPL Franchisees about cardholder data security, the Payment Card Industry (“PCI”) Data Security Standard (“DSS”) and PCI DSS compliance
- Providing Automated Quarterly Network Scanning of stores for potential security issues.

- Providing a secure convenient portal to store Annual Security Assessments required by PCI.
- Executing a compliance strategy that helps to:
  - Eliminate the storage of prohibited data
  - Protect stored data
  - Secure the merchant network environment via compliance with the PCI DSS
  - Identify the payment applications used and ensures merchants use or switch to Payment Application (“PA”) that comply with the PA-DSS
- Tracking and reporting on the program’s progress each month

**Firewall Service and Support** includes:

- Repair and/or replacement cost of firewall
- Software maintenance on firewall
- Remote monitoring of up/down state
- Latest security updates to prevent hacker attacks
- Quarterly PCI Scanning and PCI Report of Compliance (“ROC”) to credit card processor

**Broadband WAN Service and Support** includes:

- High speed access to all credit card processing, sub second response time
- High speed access to MyEpl.net Portal
- Does not include unrestricted Internet access
- 24x7 active monitoring

**Helpdesk** includes:

- 7:00 am to 12:00 am\*\* Helpdesk via a toll free number 1-888-POLLO-IT
- Single point of contact for hardware and cabling dispatch
- Menu changes\*\*\*
- Pricing adjustments\*\*\*
- Full portal support
- WAN troubleshooting and support
- Support on all IT and POS issues

**MyEpl.Net Portal Service and Support** includes:

- Access to standard corporate reporting
- Near real time sales performance data for all stores

**Professional Service** includes:

- Any service outside of the scope of this Agreement will be billed at the following rates:
  - Helpdesk rate \$60 per hour
  - Networking rate \$120 per hour
  - Development rate \$120 per hour

\* Business hours are subject to change

\*\* Helpdesk hours are subject to change

\*\*\* Does not include Tax changes. Customer acknowledges and agrees that the data entered by EPL IT is on behalf of Customer. Customer acknowledges and agrees that it is their responsibility to verify the accuracy of the data inputted by EPL IT and also to maintain and update the data as needed. Any maintenance and/or updates Customer wishes EPL IT to perform must be communicated to EPL IT in writing in order for EPL IT to perform the maintenance and/or updates.

**Franchise Support Options – Fee Schedule\***

<b>Service Description</b>	<b>Annual Cost*</b>	<b>Monthly Cost*</b>	<b>Platinum Support Option</b>	<b>Payable to:</b>
Micros POS Software License Fee (CAEDC and SEL) Service and Support	\$ 984	\$ 82	Yes	EPL
Complete Firewall Service and Support and Quarterly PCI Scanning and Reporting	\$ 300**	\$ 25**	Yes	EPL
Unlimited Number of Calls for Helpdesk Support Including Credit Card Support	\$2,004	\$ 167	Yes	EPL
MyEpl.Net	\$ 600	\$ 50	Yes	EPL
<b>Monthly Cost per Store 1</b>		<b>\$ 324*</b>		
Complete POS Hardware Service and Support 2	\$2,160	\$ 180	Yes	MICROS
<b>Hardware Costs</b>				
Broadband WAN 3	\$1,224	\$ 102	Yes	EARTHLINK

**NOTE: Mixed services not allowed. All service levels must be the same for all stores per Franchisee.**

\* All fees listed in this Fee Schedule may increase depending on vendor price increases.

\*\* The Annual Cost/Monthly Cost listed for Complete Firewall Service and Support and Quarterly PCI Scanning and Reporting includes the PCI Program which the current fee is \$0. However, this fee may range up to \$20 depending on vendor price increases. There may be additional charges if any remediation is required.

1 Monthly rate based on standard store configuration. Support cost for non standard configuration subject to change, based on actual hardware deployed.

2 First Year Hardware Service and Support is included under the Manufacturer’s warranty at **No Charge except for used Micros equipment**. In order to continue to receive Hardware Service and Support after the first year, see description under complete I.T. Operations support, Hardware Service and Support, Manufacturer’s warranty. Repair or Replacement due to neglect, water damage, vandalism, act of God or any other reason other than normal wear and tear is not covered. These costs are pass-through from the EPL approved hardware service vendor. The costs shown may actually be different than the amount shown due to price increases by vendor.

3 DSL service cost is approximate and subject to increase if 1.5M x 384K ADSL is not available. Services subject to additional costs are wireless broadband, business class cable, and Fractional or full T1. These costs are pass-through costs from the EPL approved broadband provider. The costs shown may actually be different than the amount shown due to price increases by vendor.

Exhibit 8 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

**EXHIBIT 9 TO FRANCHISE AGREEMENT**

**GENERAL RELEASE**

This General Release ("**Release**") is made effective \_\_\_\_\_, 20\_\_\_, by the undersigned, \_\_\_\_\_, a \_\_\_\_\_ (referred herein after as the "**Franchisee**").

In consideration of El Pollo Loco, Inc., a Delaware corporation ("**Franchisor**") extending: \_\_\_\_\_; and other good and valuable considerations the receipt and sufficiency of which is hereby acknowledged, Franchisee hereby waives, releases, and forever discharges Franchisor, all Franchisor's affiliates, parent companies and all their respective officers, directors, employees, attorneys representatives and agents of said corporations, as well as any other legal entities which it owns or controls, individually or jointly, from any and all obligations, claims, demands, liabilities or actions and causes of action in law or in equity of whatsoever nature arising prior to and including the date hereof, including, but not limited to, such obligations, claims, demands, liabilities, or actions or causes of actions, in law or equity which Franchisee now has or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Franchisee which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement or any other agreement between Franchisee and Franchisor, any alleged violation of the California Franchise Relations Act, any Federal or State antitrust claims except as prohibited by law. This release extends to claims arising from representations made by the Franchisor in the Franchise Disclosure Document except as prohibited by law.

It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

"Section 1542.

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected the settlement with the debtor."

**IN WITNESS WHEREOF** each of the parties either personally or through its duly authorized signatory, as applicable, has executed this Release effective as of the day first written above.

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT 10 TO FRANCHISE AGREEMENT**

**CONSENT TO ASSIGNMENT OF FRANCHISE RIGHTS**

This Consent to Assignment of Franchise Rights (the “**Agreement**”) is made as of this \_\_ day of \_\_\_\_\_, 20\_\_ by and between EL POLLO LOCO, INC., a Delaware corporation ( “**Franchisor**”), \_\_\_\_\_ (the “**Assignor**”) and \_\_\_\_\_ (the “**Assignee**”).

**RECITALS**

A. Franchisor and Assignor are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) pertaining to the operation of the El Pollo Loco restaurant located at \_\_\_\_\_ (the “**Restaurant**”).

B. Assignor desires to assign all of his title, rights, privileges and interests and obligations under the Franchise Agreement to Assignee and to sell, transfer, and convey all of his title, rights, privileges, and interests to the Assets of the Restaurant to Assignee, all in accordance with the assignment provisions of the Franchise Agreement.

C. The Franchise Agreement requires that Assignor first obtain written consent of Franchisor before undertaking any assignment of the Franchise Agreement or sale of the assets of the Restaurant.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Recitals A through C above are incorporated herein and by this reference made a part of this Consent Agreement.

2. Subject to the terms and conditions set forth herein, and upon the payment to Franchisor of a transfer fee of \_\_\_\_\_ **Dollars (\$\_\_\_\_,000.00)**, Franchisor does hereby consent to the assignment by Assignor to Assignee of all of Assignor’s rights, privileges, interests, and obligations under the Franchise Agreement.

3. Assignee shall execute the current form of Franchise Agreement (the “**Current Franchise Agreement**”) for a term which coincides with the initial term of the Franchise Agreement and for which there shall be no initial franchise fee; and Assignee covenants, warrants and agrees that, as of the date hereof, all of the obligations, liabilities and provisions of the Current Franchise Agreement shall be fully performed and complied with by Assignee in its capacity as “Franchisee” under the Current Franchise Agreement, including, but not limited to, payment in full of all obligations to Franchisor and to third parties arising from the existence, operation, or maintenance of the Restaurant.

Exhibit 10 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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4. ***If there are remodel requirements the following language will be used:*** “Assignee covenants, warrants and agree that the required reimage and/or remodel requirements, as set forth in **Exhibit B**, will be completed to the satisfaction of Franchisor no later than **ninety (90) days after the date of transfer of the Restaurant operation from Assignor to Assignee (“Changeover Date”)**. Assignee agrees that such required reimage and/or remodel requirements will not be considered complete until Franchisor has agreed to the final completion in writing. Should the required reimage and/or remodel of the Restaurant not be completed to Franchisor’s satisfaction, then Franchisor may terminate the Franchise Agreement under Section 18, entitled Default and Termination”. ***If there are no remodel requirements the above language will be replaced with:*** “Franchisor acknowledges and agrees that as of the date of this Agreement there are no remodel requirements to be completed prior to the transfer of the Restaurant from Assignor to Assignee.”

5. Assignee acknowledges and warrants:

a. that the Current Franchise Agreement and any related circulars, manuals, lists, forms and other documents previously transmitted to Assignee have been fully read and understood;

b. that Assignee is knowledgeable and experienced in regard to the operation of an El Pollo Loco restaurant and the Franchisor operating system;

c. that Assignee agrees to undertake, in accordance with the terms of the Current Franchise Agreement, such training as Franchisor may deem appropriate in connection with the operation and maintenance of the Restaurant;

d. that Assignee is fully aware that the initial term of the Current Franchise Agreement will terminate on \_\_\_\_\_, and has no renewal option periods and the Current Franchise Agreement does not grant Assignee any territorial right or licenses, exclusive or otherwise; and

e. that as of the \_\_ date, the ownership interest in \_\_ is divided as follows:

(i) \_\_\_\_\_ - \_\_%

(ii) \_\_\_\_\_ - \_\_%

f. that Assignee has conducted an independent study of the Restaurant, including consideration of any sales, profits or earnings figures that may have been made available to Assignee by or on behalf of Assignor, and in entering into this Agreement, Assignee relies solely upon such independent knowledge and in no respect has Assignee relied upon any representation, statement, endorsement or promise, either oral or written, by or on behalf of Franchisor.

6. In consideration of the consent by Franchisor granted herein, Assignor and Assignee (collectively “**Party**”) do each hereby waive, release and forever discharge Franchisor, all Franchisor’s affiliates, and all the respective directors, officers,

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employees, attorneys, representatives, and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatever kind or nature arising prior to and including the date hereof, including, but not limited to, which Party now has or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Franchise Agreement, any claim for breach of any implied covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Assignee or Franchisor and Assignor which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement, the assignment of Assignor's title, rights, privileges, interests, and obligations under the Franchise Agreement as contemplated in this Agreement, or the Franchise Agreement or any other agreement between Party or any of them and the released party or parties, any alleged violation of the California Franchise Relations Act, any Federal or State antitrust claims except as prohibited by law. This release does not extend to claims arising from representations made by the Franchisor in the Franchise Disclosure Document. Furthermore, it is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

**“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”**

Releasors voluntarily waive all benefits and protections of Civil Code Section 1542, and any comparable law, and intend the release above to apply to known and unknown claims alike.

7. Assignor and Assignee understand and agree that Assignor shall remain secondarily liable in the event of any default by the Assignee under the Current Franchise Agreement, and that by entering into this Agreement, Assignor and Assignee fully and unconditionally guarantee the Assignee's performance and compliance in all respects with the obligations, liabilities and provisions thereunder; provided, however, that this guarantee shall not extend to any default of non-compliance with the obligations, liabilities, and provisions of the Current Franchise Agreement by Assignee during any extension of the initial term of the Current Franchise Agreement. Assignor further understands and agrees that, to the extent principals of Assignor have personally guaranteed the performance of Assignor under the terms and conditions of the Current Franchise Agreement, such personal guarantee shall NOT be modified by this Agreement and any such guarantors shall not be released from liability of any kind or nature by the terms of this Agreement. Franchisor agrees that a copy of any notice of default given to Assignee by Franchisor shall also be concurrently given to Assignor.

8. Unless Assignee is currently the franchisee of another El Pollo Loco restaurant, Assignor shall train, at Assignor's expense, Assignee and up to two (2) of Assignee's managers prior to Assignee's takeover of the operation of the Restaurant



from Assignor, in order to train Assignee in the Franchisor operating system. Such training must be completed to Franchisor's satisfaction prior to turning over the running of the Restaurant to Assignee. In the event that Assignor wishes Franchisor to train Assignee's personnel in the Franchisor operating system, Assignor shall reimburse Franchisor for the cost of such training.

9. Assignor agrees to grant permission to Assignee for Assignee to access the historical sales and transactional information belonging to Assignor as stored in Assignor's Point of Sale system ("POS") prior to the effective date of this Agreement.

10. Franchisor's consent to the assignment of Assignor's rights and obligations under the Franchise Agreement and the assets of the Restaurant is expressly contingent upon Assignor paying and discharging all obligations incurred in Assignor's operation of the Restaurant prior to the Changeover Date including, but not limited to, the following:

a. Any unpaid amounts owed Franchisor under monthly franchise billing statements for periods up to the Changeover Date which, through \_\_\_\_\_, 20\_\_ are estimated to be \_\_\_\_\_ **Dollars (\$\_\_\_\_\_)** and shall be payable through escrow or by cashier's check to Franchisor. If the Changeover Date is not \_\_\_\_\_, 20\_\_, the estimate should be adjusted by \_\_\_\_\_ **Dollars (\$\_\_\_\_\_)** per diem;

b. Taxes due or accrued and unpaid, including, but not limited to, the sales tax on food and consumables sold in the Restaurant;

c. Any federal, state or local taxes required to be withheld from employees' salaries and wages; and

d. Any and all amounts due suppliers and vendors to the Restaurant.

11. Within thirty (30) days following the Changeover Date, Franchisor shall prepare and submit to Assignor a final accounting for sums due together with a check for any sums due Assignor or a statement for any sums due Franchisor. In connection with such accounting, Franchisor shall have the right, without the obligation, to pay any bills incurred by Assignor prior to the Changeover Date and to add amounts so paid to amounts charged Assignor in such accounting. As of the Changeover Date, Assignee shall assume total responsibility for the operation of, and shall be solely responsible for, any obligations incurred in connection with the Restaurant prior to the Changeover Date in the event that such obligations have not been satisfied by Assignor.

12. This Agreement shall inure to the benefit of the successors and assigns of Franchisor, and to any and all of its affiliates, parents and subsidiaries, and shall be binding upon the heirs, representatives, successors and assigns of Assignor and Assignee.

Exhibit 10 to Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

13. Except as modified herein, all the terms and conditions of the Franchise Agreement shall be unaffected and remain in full force and effect.

14. The parties hereto acknowledge that they have read and fully understand the provisions of this Agreement and that said provisions constitute a complete and exclusive expression of its terms and conditions.

15. The parties executing this Agreement on behalf of Assignee or Assignor hereby represent and warrant that: (a) they have the full power, right and authority to enter into and execute this Agreement; and (b) those persons whose signatures are hereinafter evidenced on this Agreement on behalf of Assignee or Assignors are duly authorized signatories of Assignee or Assignors, fully empowered to commit and bind Assignee or Assignors to those certain terms, covenants and conditions set forth herein.

16. If either party is a Business organization, the party is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Restaurant is located.

17. This Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by authorized officers of Franchisor.

18. This Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. It shall not be necessary for Franchisor, Assignors and Assignee to execute the same counterpart(s) of this Agreement for this Agreement to become effective. A signature on this Agreement transmitted via facsimile or electronic mail shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

FRANCHISOR:

EL POLLO LOCO, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ASSIGNOR:

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ASSIGNEE:

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EL POLLO LOCO® FRANCHISE AGREEMENT**

**SCHEDULE 1**

**STATEMENT OF OWNERSHIP OF FRANCHISEE**

Party to Franchisee Entity - \_\_%

Party to Franchisee Entity - \_\_%

Schedule 1 of Franchise Agreement (Exhibit D of Multi-State Disclosure Document Control No. 040114)

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**FRANCHISE DEVELOPMENT AGREEMENT**  
**(Non-exclusive/Exclusive)**

THIS FRANCHISE DEVELOPMENT AGREEMENT (“**Agreement**”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between **EL POLLO LOCO, INC.**, a Delaware corporation, with its principal place of business at 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626 (referred to herein as “**El Pollo Loco**” or “**Franchisor**”) and \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (“**Developer**”).

**RECITALS**

A. Franchisor owns certain proprietary and other property rights and interests in and to the “El Pollo Loco®” trademark and service mark, and such other trademarks, service marks, logo types, insignias, trade dress designs and commercial symbols as Franchisor may from time to time authorize or direct Developer to use in connection with the operation of a(n) “El Pollo Loco®” restaurant (the “**El Pollo Loco® Marks**”). Franchisor has a distinctive plan for the operation of retail outlets for the sale of fire-grilled food items and related products, which plan includes but is not limited to the El Pollo Loco® Marks and the Operations Manual (the “**Manual**”), policies, standards, procedures, employee uniforms, signs, menu boards and related items, and the reputation and goodwill of the El Pollo Loco® chain of restaurants (collectively, the “**El Pollo Loco® System**”).

B. Developer represents that it is experienced in and has independent knowledge of the nature and specifics of the restaurant business. Developer represents that in entering into this Agreement it has relied solely on its personal knowledge and has not relied on any representations of Franchisor or any of its officers, directors, employees or agents, except those representations contained in any legally required Franchise Disclosure Document delivered to Developer.

C. Developer desires to obtain development rights for multiple restaurants under the El Pollo Loco® System (each, an “El Pollo Loco® Restaurant”) from Franchisor within a specified geographical (the “**Territory**”) specified in Exhibit “A” attached hereto and made a part hereof *(or if single unit replace with “Developer desires to obtain development rights for a single restaurant under the El Pollo Loco® System (each, an “El Pollo Loco® Restaurant”) from Franchisor within a specified address (the “Territory”) specified in Exhibit “A” attached hereto and made a part hereof.”)*

D. Franchisor is willing to grant the (non-exclusive/exclusive) right to develop and open El Pollo Loco® Restaurant(s) within the Territory referenced in Exhibit “A”.

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NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, the parties hereto agree as follows:

1. **Development Rights in Territory.**

1.1 Franchisor hereby grants to Developer, subject to the terms and conditions of this Agreement (*if 2.20 applicable add “, and specifically Section 2.20 hereof,”*) and as long as Developer shall not be in default of this Agreement or any other development, franchise or other agreement between Developer and Franchisor, (non-exclusive/exclusive) development rights to establish and operate franchised restaurant(s), and to use the El Pollo Loco® System solely in connection therewith, at specific locations to be designated in separate Franchise Agreement(s) (the “**Franchise Agreements**”). (*If exclusive agreement, add “Developer expressly acknowledges that the exclusive rights granted herein apply only to the right to develop new restaurants in the Territory, and no exclusive territory or radius protection for the term of any Franchise Agreement is granted herein.”*) The Franchise Agreements (and all ancillary documents attached as Exhibits to the Franchise Agreement, including the Personal Guarantee) executed in accordance with this Agreement shall be in the form currently in use by Franchisor at the time of execution of the Franchise Agreement and shall be executed individually by each person, partner, member or shareholder.

1.2 (*Only applies to multi-unit Development Agreement – delete if single-unit Development Agreement*). Prior to or concurrent with the execution of this Agreement, Developer shall meet with Franchisor’s development representatives and prepare a market development plan for the units to be constructed and opened by Developer in the Territory (identifying specific key areas, key intersections and trade areas in the Territory) and all development pursuant to this Agreement shall be in accordance with this plan (the “**Market Plan**”). The Market Plan shall include proposed areas where sites may be located, ranking and prioritization of site locations and other information customarily used by market planners in the restaurant industry. Developer and Franchisor shall jointly approve the Market Plan.

2.0 **Limitation on Development Rights.**

2.1 Developer must submit one or more site(s) for approval, enter into binding leases or purchase agreements and open to the public the number of El Pollo Loco® Restaurant(s) on such approved sites each calendar year as required on the Development Schedule, all as set forth on **Exhibit “B”** attached hereto and made a part hereof.

2.2 For purposes of the Development Schedule in **Exhibit “B”**, no credit will be given for the development of El Pollo Loco® Restaurant(s) outside the Territory, regardless of the fact that Developer may, upon proper application, obtain from Franchisor an El Pollo Loco® Franchise Agreement (“**Franchise Agreement**”) for any such development.

2.3 Although this Agreement affords the Developer the right to develop and open El Pollo Loco® restaurant(s) within the Territory, as set forth on **Exhibit “A”**, all Restaurant(s) developed under this Agreement must be duly licensed through individual Franchise Agreement(s). Developer will execute El Pollo Loco’s then standard Franchise Agreement in use at the time of execution for each restaurant developed under this Agreement, and agrees to pay Franchisor the current fees, royalties and

other required payments in accordance with the Franchise Disclosure Document then in effect. Execution of the appropriate Franchise Agreement and payment of the initial franchise fee and/or any other required fees must be accomplished prior to the commencement of construction at any site.

2.4 Developer must satisfy all Franchisor's financial and operational criteria then in effect and in addition, if Developer is also a Franchisee of one or more El Pollo Loco Restaurants, Franchisee must also be in good standing with Franchisor and satisfy all Franchisor's financial and operational criteria then in effect prior to El Pollo Loco's execution of each standard Franchise Agreement issued pursuant to this Agreement. Developer shall provide Franchisor with current information pertaining to Developer's financial condition and the financial condition of the majority and managing members/partners/shareholders of Developer at any time upon El Pollo Loco's request and in no event less than once annually. Developer acknowledges that, among other things, it will be required to submit annual financial statements of Developer and personal financial statements of each of its principal owners and Managing Members to be eligible for financial approval by El Pollo Loco. In the event any of the majority owners of Developer shall also be the Managing Members and/or majority owners of any other entity which is a franchisee of El Pollo Loco, then each such franchisee entity must be operationally and financially approved by Franchisor before approval for expansion will be granted to any one franchisee entity. "Managing Members" shall be any individuals who are designated as the primary decision makers or general managers of the franchisee entity and those individuals who (individually or collectively) own at least 51% interest in the franchisee entity.

2.5 Developer shall use its best efforts to retain qualified real estate professionals (including licensed brokers) to locate proposed sites for the El Pollo Loco® Restaurant(s). Developer shall submit proposed sites for each El Pollo Loco® Restaurant unit to be developed under this Agreement for acceptance by Franchisor's Real Estate Site Approval Committee ("RESAC"), together with such site information as may be reasonably required by Franchisor to evaluate the proposed site, no later than the dates set forth in **Exhibit "B"** as RESAC Submittal Dates, the first of which shall be approximately ninety (90) days after execution of this Agreement. Should the site be accepted by RESAC, it will be referred to as the "**Approved Site**". Such acceptance will expire one (1) year from the RESAC approval date. Franchisor may require, as a condition to its approval of a site, a "**Market Study**", which shall include a site description and analysis, traffic and other demographic information and an analysis of the impact of the proposed site on other franchise restaurants surrounding or within the vicinity of such proposed site all in such format as the Franchisor may require. All such analyses, information and studies shall be prepared at the sole cost and expense of Developer. (Note that in certain circumstances, you may also be required to pay for an Impact Analysis if any existing franchisees within a certain radius of your proposed Restaurant site object to the site you selected.)

2.6 Franchisor shall send representatives to evaluate proposed site(s) for each El Pollo Loco® Restaurant to be developed under this Agreement, and Franchisor will do so at its own expense for the first two proposed sites for each El Pollo Loco® Restaurant. If Franchisee proposes, and Franchisor evaluates, more than two sites for

each El Pollo Loco® Restaurant, then Franchisee shall reimburse Franchisor for the reasonable costs and expenses incurred by Franchisor's representatives in connection with the evaluation of such additional proposed site(s), including, without limitation, the costs of lodging, travel, meals and wages. In addition, as a condition to reviewing a proposed site for the Restaurant, Franchisor may require Franchisee to pay for the Market Study referred to in Section 2.5 above.

2.7 Provided there exists no default by Developer under this Agreement or any other development, franchise or other agreement between Franchisor and Developer, Franchisor shall evaluate each site proposed for which Developer has provided all necessary evaluation information, and shall promptly after receipt of Developer's proposal, send to Developer written notice of acceptance or non-acceptance of the site.

2.8 If RESAC determines through its evaluation of the proposed site that the proposed site may impact sales at any Franchisor-owned El Pollo Loco® Restaurant, Franchisor has the right to accept or reject the proposed site, without any obligation to discuss a possible resolution with Developer. However, Franchisor may elect to discuss with Developer a possible resolution with regard to the proposed site; however, if such an agreement cannot be reached, Franchisor has the right to reject the proposed site. If RESAC determines through its evaluation of the proposed site that the proposed site may potentially impact sales at any existing El Pollo Loco® franchisee's restaurant, Franchisor shall notify Developer of the existing El Pollo Loco® franchisees' location(s) and contact information. Developer must seek to obtain a written waiver from those existing El Pollo Loco® franchisees of any claims they might have against Developer and Franchisor with respect to the proposed new El Pollo Loco® Restaurant, including a waiver of any development disputes procedures to which those existing El Pollo Loco® franchisees may be entitled (e.g., those associated with the franchise agreements of those existing El Pollo Loco® franchisees, which may be the same or different from those in the Development Disputes Procedures that appear as Exhibit E to this Development Agreement). Such waiver, if obtained, must be submitted along with the evaluation information required pursuant to this Section. If Developer cannot obtain such a waiver, and if Franchisor indicates that it is willing to allow the development disputes procedures to proceed, Developer may decide to continue with the development of the proposed site; however, Developer acknowledges that if Developer continues to develop such proposed site, Developer may be subject to the Development Disputes Procedures and such development disputes procedures that the existing El Pollo Loco® franchisees are entitled to under those franchisees' franchise agreements. In addition, if the existing El Pollo Loco® franchisees involved are subject to a version of the development disputes procedures that would require Franchisor to pay for an impact analysis, a mediation agreement payment or an arbitration award, Developer shall indemnify and hold harmless Franchisor for any such costs or amounts awarded under such development disputes procedures.

2.9 No later than the Site Commitment Dates set forth in **Exhibit "B"**, Developer shall submit for the Approved Site to Franchisor for its review and approval of:

- a) A fully negotiated but unexecuted lease, which may only subject to obtaining necessary governmental permits, for which the term with renewal

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options are not less than the initial term of the Franchise Agreement. The unexecuted form of the lease must be submitted to Franchisor to review for the required terms and conditions listed in this Section and Section 2.10 prior to full execution of the lease. Franchisor will promptly notify Developer upon their approval of the inclusion of such required terms and conditions. Developer will promptly then provide a final executed copy of the lease to Franchisor; or

b) A purchase agreement. Should Developer purchase the site using another entity other than the franchise entity, Developer must then enter into a lease with the Franchise entity as the lessee and the purchasing entity as the lessor and must comply with all the requirements of Section 2.9).

2.10 Any lease to be entered into by Developer shall include the terms and conditions set forth in **Exhibit "C"** which may be contained in the body of the lease or in a signed addendum to the lease in a form approved by Franchisor.

2.11 Franchisor shall have no liability under any lease or purchase agreement for the any El Pollo Loco® Restaurant location developed under this Agreement and shall not guaranty Developer's obligations thereunder. Upon approval by Franchisor of the form of Developer's lease and execution of a lease for a site by Developer, Developer shall furnish to Franchisor a fully executed copy of such lease and any amendments thereto within fifteen (15) calendar days of such execution. Franchisor shall have no obligation to assist Developer to negotiate its leases.

2.12 The lease or deed may not contain a non-competition covenant which restricts Franchisor or any franchisee or licensee of Franchisor, from operating an El Pollo Loco® Restaurant or any other retail restaurant, unless such covenant is approved by Franchisor in writing prior to the execution by Developer of the lease.

2.13 Each subsequent site to be developed pursuant to the Development Schedule shall be submitted for approval by RESAC by the date set forth in **Exhibit "B"**. Similarly, each fully executed lease (executed upon prior review and approval by Franchisor) or purchase agreement (with all contingencies to Developer's obligations waived or satisfied, except permitting contingencies) relating to each subsequent Approved Site shall: (1) be delivered to Franchisor on or before the Site Commitment Date for each respective El Pollo Loco® Restaurant as set forth in **Exhibit "B"** and (2) prior to the execution of your Franchise Agreements (3) prior to the payment of your initial Franchise Fees for each site and (4) prior to the commencement of construction of the El Pollo Loco® Restaurant.

2.14 RESAC site approval does not assure that a Franchise Agreement will be executed. Execution of the Franchise Agreement is contingent upon Developer completing the purchase or lease of the proposed site within sixty (60) days after approval of the site by the Franchisor.

2.15 Developer acknowledges that time is of the essence in this Agreement. If Developer has not obtained approval and entered into a binding lease or purchase agreement for each site for El Pollo Loco® Restaurant(s) to be developed under this

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Agreement by the applicable Site Commitment Date, Developer shall be in default of its obligations under the Development Schedule and Franchisor shall be entitled to exercise its rights and remedies under this Agreement, up to and including termination of this Agreement.

2.16 Developer also acknowledges that it is required pursuant to this Agreement to open El Pollo Loco® Restaurants in the future pursuant to dates set forth in the Development Schedule attached as **Exhibit “B”**. If Developer fails to meet the opening date for any El Pollo Loco® Restaurant to be developed under this Agreement, Developer shall be in default and Franchisor shall be entitled to exercise all rights and remedies available to Franchisor set forth in Section 11.0. Developer acknowledges that if Developer fails to open El Pollo Loco® Restaurants in a timely manner pursuant to the Development Schedule, Franchisor will suffer lost revenues, including royalties and other fees which would be difficult to calculate and which Franchisor would have received had Developer met the agreed schedule or had Franchisor had the right to grant development rights to others in the Territory.

2.17 Developer acknowledges that the estimated initial investment and estimated expenses set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to and likely to increase over time, and that future El Pollo Loco® Restaurants will likely involve a greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to your execution of this Agreement.

2.18 Developer understands and acknowledges that in accepting Developer’s proposed site or by granting a franchise for each approved site, Franchisor does not in any way, endorse, warrant or guarantee either directly or indirectly the suitability of such site or the success of the franchise business to be operated by Developer at such site. The suitability of the site and the success of the franchise business depend upon a number of factors outside of Franchisor’s control, including, but not limited to, the Developer’s operational abilities, site location, consumer trends and such other factors that are within the direct control of the Developer.

2.19 Franchisor shall retain the right, without the need to comply with the Procedures for Resolving Disputes Relating to the Development of New Restaurants (attached as Exhibit 1 to the Franchise Agreement), to:

- a) Open and operate El Pollo Loco® non-traditional restaurants or franchise others to open and operate El Pollo Loco® non-traditional restaurants, at all universities, colleges, airports, hospitals, municipal facilities, public transportation facilities, shopping malls (not including out parcels), stadiums, amusement parks, drug stores, supermarkets, department stores, truck stops, hotel or motel chains, stadiums and similar locations of a “non-standard” nature, regardless of location within or outside of the Territory;
- b) Operate or franchise others to operate an El Pollo Loco® restaurant located within or outside of the Territory which has been acquired by El Pollo Loco either as of or after the date of this Agreement;

c) Sell the same or similar products (whether or not using the Marks) to customers at retail locations, through internet, telemarketing or direct marketing means whether within or outside of the Territory. Franchisor also reserves the right to operate and franchise other restaurants having the same or similar menu items whether within or outside of the Territory; and

d) Convert the Territory from an exclusive to a non-exclusive Territory upon sixty (60) days written notice in the event Franchisor completes an acquisition of ten (10) or more real estate locations (some or all of which may contain existing restaurants) in a single transaction (“**Acquisition Locations**”), some or all of which are located within the Territory, including restaurants operating under another trade name. Notwithstanding the foregoing, Franchisor shall grant Developer a fifteen (15) day right of first refusal to acquire Franchisor’s rights in the Acquisition Locations in the Territory at the same purchase price paid by Franchisor for each location (and for each restaurant if the locations contain existing restaurants), including reasonable closing costs. If Developer submits written notice of its intent to exercise the right of first refusal within the fifteen (15) days, it shall complete the transaction for the Acquisition Locations within sixty (60) days from the date of its notice and retain its exclusive rights to the Territory.

2.20 The purpose of this Agreement is to promote orderly incremental growth within the El Pollo Loco® System. The acquisition of existing El Pollo Loco® restaurants by Developer does not represent incremental growth and, therefore, does not satisfy the terms of this Agreement pertaining to development.

*2.21 (To be added where there are existing restaurants in the territory) Developer acknowledges that Franchisor (i) is operating a unit or (ii) has granted franchise rights in or (iii) approved a new site for development for those locations identified in Exhibit “D” attached hereto and incorporated herein by this reference. Developer further acknowledges that Franchisor retains discretion to approve or disapprove any proposed location for development under this Agreement if, in Franchisor’s reasonable judgment: (i) such proposed location is not suitable for an El Pollo Loco® Restaurant or (ii) such proposed location will have a material adverse effect on the profitability of another existing El Pollo Loco® location (or approved site) in the Territory. Developer covenants to use its reasonable best efforts to avoid selecting proposed locations that would adversely impact pre-existing locations in the Territory.*

### **3.0 Development Fee.**

Developer shall pay to Franchisor upon execution of this Agreement a non-refundable Development Fee (the “**Development Fee**”) equal to Twenty Thousand Dollars (\$20,000.00) (or Ten Thousand Dollars (\$10,000), if within the Los Angeles (“**LA**”) Designated Market Area (“**DMA**”), in immediately available funds, for each El Pollo Loco® Restaurant to be developed under this Agreement. The Development Fee is consideration for this Agreement. The Development Fee is not consideration for any Franchise Agreement and is non-refundable. The \$20,000 Development Fee for each

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El Pollo Loco® Restaurant shall be applied against the initial franchise fee payable upon the execution of the Franchise Agreement applicable to such El Pollo Loco® Restaurant. As a benefit of signing the Development Agreement, the Initial Fee for the second and each subsequent restaurant developed under the same Development Agreement will be reduced by us to \$30,000. As an example, the Initial Fee for the first restaurant developed under a Development Agreement would be \$40,000 to which \$20,000 (or \$10,000, if within the LA DMA) from the Development Fee will be credited. The Initial Fee for the second and remaining restaurants developed under the same Development Agreement would be \$30,000, to which \$20,000 (or \$10,000, if within the LA DMA) from the Development Fee will be credited. If this Agreement is terminated pursuant to Sections 10.0 or 11.0 below, Developer will lose its right to develop and its Development Fee.

#### **4.0 Term of Development Agreement.**

This Agreement shall commence on the date specified in **Exhibit "B"**. Unless terminated pursuant to Section 10.0 or 11.0 below, it shall expire upon the earlier of the date specified in **Exhibit "B"** or upon the opening of the last El Pollo Loco® Restaurant listed in the Development Schedule.

#### **5.0 Territory Conflicts.**

5.1 Any continued operation of a restaurant operated by Franchisor or a franchisee of Franchisor within the Territory on or before the date of this Agreement shall not be considered to constitute a breach of this Agreement.

5.2 The rights granted Developer in this Agreement are subject to any prior territorial rights of other franchisees which may now exist in the Territory, whether or not those rights are currently being enforced. In the event of a conflict in territorial rights, whether under a Franchise Agreement or separate territorial or development agreement. Developer shall be free to negotiate with any person, corporation or other entity, which claims territorial rights adverse to the rights granted under this Agreement, for the assignment of those prior territorial rights. For this purpose, Franchisor agrees to approve any such assignment not in conflict with the other terms of this Agreement, subject to the condition of any Franchise Agreements involved, and current policies pertaining to assignments, including, but not limited to, satisfaction of all past due debts owed to Franchisor and the execution of a General Release.

5.3 In the event of third party claims to the right to develop any Territory other than those specified above, it is the sole responsibility of El Pollo Loco, where the right is exclusive, to protect and maintain Developer's right to the Development of the Territory. However, if it appears to El Pollo Loco, in its sole discretion, that protection of the Territory by legal action is not advisable, whether due to the anticipation of, or the actual protracted nature of the action, the costs involved, the uncertainty of outcome, or otherwise, Franchisor has the right to terminate this Agreement, provided that it refunds to Developer the balance, if any, of the Development Fee made pursuant to Section 3.0, which has not been applied against the initial franchise fees for Franchise Agreement(s) to be acquired under this Agreement.

Exhibit G of Multi-State Disclosure Document Control No. 040114 – Franchise Development Agreement

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## **6.0 Proprietary Rights of El Pollo Loco.**

6.1 Developer expressly acknowledges El Pollo Loco's exclusive right, title, and interest in and to the trade name, service mark and trademark "El Pollo Loco", and such other trade names, service marks, and trademarks which are designated as part of the El Pollo Loco® System (the "Marks"), and Developer agrees not to represent in any manner that Developer has any ownership in El Pollo Loco® Marks. This Agreement is not a Franchise Agreement. Developer may not open an El Pollo Loco® Restaurant or use the El Pollo Loco® Marks at a particular site until it executes a Franchise Agreement for that site. Developer's use of the El Pollo Loco® Marks shall be limited to those rights granted under each individual Franchise Agreement. Notwithstanding the foregoing, El Pollo Loco® may authorize Developer in writing to use the Marks in connection with advertising and marketing activities in connection with this Agreement. Developer expressly agrees that such usage is limited to those specific activities or promotional materials approved by El Pollo Loco's marketing department in advance. Developer further agrees that its use of the Marks shall not create in its favor any right, title, or interest in or to El Pollo Loco® Marks, but that all of such use shall inure to the benefit of El Pollo Loco, and Developer has no rights to the Marks except to the degree specifically granted by the individual Franchise Agreement(s). Building designs and specifications, color schemes and combinations, sign design specifications, and interior building layouts (including equipment, equipment specification, equipment layouts, and interior color schemes and combinations) are acknowledged by Developer to comprise part of the El Pollo Loco® System. Developer shall have no right to license or franchise others to use the Marks by virtue of this Agreement.

6.2 Developer acknowledges that, in connection with its execution of this Agreement, it may receive confidential and proprietary information regarding the El Pollo Loco® System, including but not limited to the El Pollo Loco Operational Manual. Developer recognizes the unique value and secondary meaning attached to the El Pollo Loco® Marks and the El Pollo Loco® System, and Developer agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and its franchisees. Developer, therefore, agrees that if it should engage in any such unauthorized or improper use during, or after, the term of this Agreement, Franchisor shall be entitled to both seek temporary and permanent injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

6.3 Developer acknowledges that it will receive one (1) copy of the Operations Manual on loan from Franchisor and that the Operations Manual shall at all times remain the sole property of the Franchisor.

Exhibit G of Multi-State Disclosure Document Control No. 040114 – Franchise Development Agreement

## **7.0 Insurance and Indemnification.**

7.1 Throughout the term of this Agreement, Developer shall obtain and maintain insurance coverage for public liability, including products liability, in the amount of at least One Million Dollars (\$1,000,000.00) combined single limit. Developer also shall carry such worker's compensation insurance as may be required by applicable law.

7.2 Franchisor shall be named as an additional insured on all such insurance policies and shall be provided with certificates of insurance evidencing such coverage. All public liability and property damage policies shall contain a provision that El Pollo Loco, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss incurred by El Pollo Loco, its affiliates, agents and/or employees, by reason of the negligence of Developer, its principals, contractors, agents and/or employees. All policies shall provide Franchisor with at least thirty (30) days' notice of cancellation or termination of coverage.

7.3 Franchisor reserves the right to specify reasonable changes in the types and amounts of insurance coverage required by this Section 7.0. In the event that Developer fails or refuses to obtain or maintain the required insurance coverage from an insurance carrier acceptable to El Pollo Loco, Franchisor may, in its sole discretion and without any obligations to do so, procure such coverage for Developer. In such event, Developer shall pay the required premiums or reimburse such premiums to Franchisor upon written demand.

7.4 Developer shall defend immediately upon tender of defense, at its own cost, the Franchisor, its subsidiaries, parent and affiliates, shareholders, directors, officers, employees and agents (collectively for this section only known as "**Franchisor**"), from and against any and all claims, lawsuits, complaints, cross complaints, arbitrations, demands, allegations, costs embraced by indemnity, loss, costs, expenses (including attorneys' fees), liens and damages (collectively for this section only known as "**Losses**"), however caused, and reimburse Franchisor for all costs and expenses (including attorneys' fees) incurred by the Franchisor in defense of any Losses, resulting directly or indirectly from or pertaining to or arising out of, or alleged to arise out of, or in connection with Developer's activities under the Development Agreement, including any labor, any employee related claims whatsoever, including, without limitation any claims made by an employee of Developer resulting from the employee's training in a Franchisor operated facility or restaurant, and including Developer's failure for any reason to fully inform any third party of Developer's lack of authority to bind the Franchisor for any purpose. Such Losses shall include, without limitation, those arising from the death of or injury to any person or arising from damage to the property of Developer or the Franchisor, or any third person, firm or corporation, whether or not resulting from any strict liability imposed by fact, law, statute, or ordinance, on the Franchisor. Developer further agrees that Developer's duty to defend the Franchisor is separate from, independent of and free-standing of Developer's duty to indemnify the Franchisor and applies whether the issue of Developer's negligence, breach of contract, or other fault or obligation has been determined. Developer's duty to defend is regardless of the outcome of liability even if Developer is ultimately found not negligent and not dependent on the ultimate resolution of issues arising out of any claims,

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lawsuits, complaints, cross complaints, arbitration, demands, allegations, costs embraced by indemnity, loss, costs, expenses (including attorneys' fees), liens or damages.

7.5 Developer shall indemnify and hold harmless the Franchisor (as defined above) from and against any and all Losses (as defined above), however caused, resulting directly or indirectly from or pertaining to or arising out of or in connection with Developer's activities under the Development Agreement, including any labor, any employee related claims whatsoever, including, without limitation any claims made by an employee of Developer resulting from the employee's training in a Franchisor operated facility or restaurant, and including Developer's failure for any reason to fully inform any third party of Developer's lack of authority to bind the Franchisor for any purpose. Such Losses shall include, without limitation, those arising from latent or other defects in the restaurant whether or not discoverable by Franchisor, and those arising from the death of or injury to any person or arising from damage to the property of Developer or the Franchisor, or any third person, firm or corporation, whether or not resulting from any strict liability imposed by fact, law, statute, or ordinance, on the Franchisor. Developer further agrees to indemnify and hold harmless Franchisor from all said Losses and shall pay for and be responsible for all said Losses, however caused, whether by any individual, employee, third person or party, vendor, visitor, invitee, trespasser or any firm or corporation whatsoever, whether caused by or contributed to by Franchisor, the combined conduct of Developer and Franchisor, or active or passive negligence of Franchisor, but for the sole negligence or willful misconduct of Franchisor.

7.6 The provisions of this Section 7.0 shall expire as to each El Pollo Loco® Restaurant to be developed under this Agreement upon execution of a Franchise Agreement for such El Pollo Loco® Restaurant. The provision of the Franchise Agreement, in particular, Section 9 thereof (insurance and Indemnification) shall supersede this Section 7.0 and govern the rights and obligations of the parties prospectively.

## **8.0 Transfer of Rights.**

8.1 This Agreement shall inure to the benefit of Franchisor and its successors and assigns, and is fully assignable by El Pollo Loco.

8.2 The parties acknowledge and agree that this Agreement is personal in nature with respect to Developer, being entered into by Franchisor in reliance upon and in consideration of the personal skills, qualifications and trust and confidence reposed in Developer and Developer's present partners, managing members or officers if Developer is a partnership, a limited liability company or a corporation. Therefore, the rights, privileges and interests of Developer under this Agreement shall not be assigned, sold, transferred, leased, divided or encumbered, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise without the prior written consent of El Pollo Loco, which consent may be given or withheld in El Pollo Loco's sole discretion. For purposes of this Section, a sale of stock, or any membership or partnership interest in Developer, or a merger or other combination of Developer shall be considered a

transfer of Developer's interest prohibited hereunder. Notwithstanding the foregoing, Developer shall be permitted to assign business organizations to serve as Franchisee after Developer individually executes the Franchise Agreements, provided the ownership mirrors that of Developer (e.g., Developer consists of persons A (50%), B (25%) and C (25%). Franchisee also must be owned and controlled by the same three (3) persons with each retaining the same percentage of ownership). All other entity structures shall require the prior written approval of Franchisor. Developer shall pay an administrative fee of Five Hundred Dollars (\$500.00) per transfer for each permitted transfer to an Entity where such transfer is for the convenience of ownership only and does not involve a change of principals of the business. Where Developer desires to add new principals to the Developer or any Franchisee entity, Developer shall pay to Franchisor an additional Two Thousand Five Hundred Dollars (\$2,500) per new principal to cover Franchisor's administrative costs for reviewing the application and suitability of each new principal as participants in the franchise business.

**9.0 Acknowledgment of Selected Terms and Provisions of the Franchise Agreement.**

Developer represents that it has read each of the terms and provisions of the current form of Franchise Agreement and acknowledges and is willing to agree to each and every obligation of Franchisee thereunder (as they may be modified in then-current forms of Franchise Agreement) including, but not limited to:

- a) The obligation to deliver execute Personal Guarantees or Investor Covenants Regarding Confidentiality and Non-Competition in connection with the execution of each franchise agreement for El Pollo Loco® Restaurants to be developed under this Agreement;
- b) The obligation to obtain the consent of Franchisor to any security interests to be granted by Developer in the assets or business of the El Pollo Loco® Restaurant to lenders or other financing sources in advance of any agreement to provide those security interests to such third parties;
- c) All in-term and post-term restrictive covenants; and
- d) All territorial rights, options and rights of first refusal retained by Franchisor under the franchise agreement.

**10.0 Termination by Developer; Expiration Date.**

This Agreement shall terminate immediately upon El Pollo Loco's receipt of Developer's notice to terminate. In such event, the Development Fee shall be forfeited to Franchisor in consideration of the rights granted in the Territory up to the time of termination. Notwithstanding any provision to the contrary contained herein, unless earlier terminated by either party, this Agreement shall expire on \_\_\_\_\_, 20\_\_, and all rights of Developer herein shall cease and all unapplied or unused Development Fees paid pursuant to Section 3.0 hereof shall be forfeited to Franchisor.

## **11.0 Events of Default.**

11.1 The following events shall constitute a default by Developer, which shall result in El Pollo Loco's right to declare the immediate termination of this Agreement.

- a) Failure by Developer to meet the requirements of the Development Schedule within the time periods specified therein, including failure by Developer to meet the Site Commitment Date or Opening Date for each site for a El Pollo Loco® Restaurant in a timely manner as set forth in **Exhibit "B"** and Section 2.0 above.
- b) Any assignment, transfer or sublicense of this Agreement by Developer without the prior written consent of El Pollo Loco.
- c) Any violation by Developer of any covenant, term, or condition of any note or other agreement (including any El Pollo Loco® Franchise Agreement) between Developer and Franchisor (or an affiliate of El Pollo Loco), the effect of which is to allow Franchisor to terminate (or accelerate the maturity of) such agreement before its stated termination (or maturity) date.
- d) Developer's assignment for the benefit of creditors or admission in writing of its inability to pay its debts generally as they become due.
- e) Any order, judgment, or decree entered adjudicating Developer bankrupt or insolvent.
- f) Any petition, or application, by Developer to any tribunal for the appointment of a trustee, receiver, or liquidator of Developer (or a substantial part of Developer's assets), or commencement by Developer of any proceedings relating to Developer under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereinafter in effect.
- g) Any filing of a petition or application against Developer, or the commencement of such proceedings, in which Developer, in any way, indicates its approval thereof, consent thereto, or acquiescence therein; or the entry of any order, judgment, or decree appointing any trustee, receiver, or liquidator, or approving the petition in any such proceedings, where the order, judgment, or decree remains unstayed and in effect for more than thirty (30) days.
- h) Any entry in any proceeding against the Developer of any order, judgment, or decree, which requires the dissolution of Developer, where such order, judgment, or decree remains unstayed and in effect for more than thirty (30) days.
- i) Developer's voluntary abandonment of any of Developer's restaurants.



11.2 The following events shall constitute a default by Developer, which shall result in El Pollo Loco's right to declare the termination of this Agreement, if such default is not cured within thirty (30) days after written notice by Franchisor to Developer:

- a) Developer's default in the performance or observance of any covenant, term, or condition contained in this Agreement not otherwise specified in Section 11.1 above.
- b) The creation, incurrence, assumption, or sufferance to exist of any lien, encumbrance, or option whatsoever upon any of Developer's property or assets, whether now owned or hereafter acquired, the effect of which substantially impairs Developer's ability to perform or observe any covenant, term, or condition of this Agreement.
- c) Refusal by Developer or Developer's partners, members, or shareholders to enter individually into the then current form of Franchise Agreements and Personal Guarantee as provided in Section 1.0 above.
- d) Any change, transfer or conveyance ("**Transfer**") in the ownership of Developer, which Transfer has not been approved in advance by Franchisor. Franchisor reserves the right to approve or disapprove any Transfer in its sole discretion.

11.3 If Franchisor is entitled to terminate this Agreement in accordance with Sections 11.1 or 11.2 above, Franchisor shall have the right to undertake the following action instead of terminating this Agreement:

- a. Franchisor may terminate or modify any rights that Developer may have with respect to protected exclusive rights in the Territory, as granted under Section 1.1 above, effective ten (10) days after delivery of written notice thereof to Developer.

If any of such rights are terminated or modified in accordance with this Section 11.3, such action shall be without prejudice to Franchisor's right to terminate this Agreement in accordance with Sections 11.1 or 11.2 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

## **12.0 Effect of Termination.**

12.1 Immediately upon termination or expiration of this Agreement, for any reason, all of Developer's development rights granted pursuant to this Agreement shall revert to El Pollo Loco. At the time of termination, only restaurants operating or to be operated under the El Pollo Loco® System by virtue of a fully executed Franchise Agreement shall be unaffected by the termination of this Agreement. Franchisor shall have no duty to execute any Franchise Agreement with Developer after the termination of this Agreement. The foregoing remedies are nonexclusive, and nothing stated in this Section 12.0 shall prevent El Pollo Loco's pursuit of any other remedies available to Franchisor in law or at equity due to the termination of this Agreement.

12.2 Developer understands and agrees that upon the expiration or termination of this Agreement (or in the event of an exclusive development agreement, the failure of Developer to meet the Development Schedule and the resulting loss of exclusive development rights), Franchisor or its subsidiaries or affiliates, in their sole discretion, may open and/or operate restaurants in the Territory, or may authorize or franchise others to do the same, whether it is in competition with or in any other way affects the sales of Developer at the restaurants.

### **13.0 Non-Waiver.**

El Pollo Loco's consent to or approval of any act or conduct of Developer requiring such consent or approval shall not be deemed to waive or render unnecessary El Pollo Loco's consent to or approval of any subsequent act or conduct hereunder.

### **14.0 Independent Contractor and Indemnification.**

14.1 This Agreement does not constitute Developer an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever, and it is understood between the parties hereto that Developer shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of El Pollo Loco. The parties agree that this Agreement does not create a fiduciary relationship between them.

14.2 Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, or any other obligation of Developer. Developer shall indemnify and save Franchisor harmless against any such claim and the cost of defending it arising directly or indirectly from or as a result of, or in connection with, Developer's actions pursuant to this Agreement.

### **15.0 Entire Agreement.**

This Agreement, including **Exhibits "A", "B", "C", "D" and "E"** attached hereto, constitutes the entire full and complete agreement between Franchisor and Developer concerning the subject matter hereof and supersedes any and all prior written agreements. No other representations have induced Developer to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties, not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). The provisions of this Agreement may not be contradicted by any other statement concerning the subject matter herein. No amendment or modification of this Agreement shall be binding on either party unless written and fully executed.

## **16.0 Dispute Resolution Procedures.**

16.1 Resolution of Development Disputes – Any dispute that arises out of a decision by Developer to develop a new El Pollo Loco® Restaurant within a certain radius of another El Pollo Loco® franchisee’s El Pollo Loco® Restaurant shall (except as noted in the next sentence) be resolved solely in the manner contemplated by the Development Disputes Procedures, a copy of which is attached as **Exhibit “E”** and which is incorporated into this Agreement. However, Developer acknowledges and agrees that a development dispute with an El Pollo Loco® franchisee whose El Pollo Loco® Restaurant is within a certain radius of the proposed new El Pollo Loco® Restaurant may require a different method of resolution, including the development disputes procedures associated with that El Pollo Loco® franchisee’s franchise agreement, or through a court proceeding if no development disputes procedures are associated with that El Pollo Loco® franchisee’s franchise agreement. (However, if those development disputes procedures require Franchisor to pay for any impact analysis, mediation agreement payment or arbitration award, Developer agrees to indemnify Franchisor for any such payment.)

16.2 For all other matters, the following shall apply to any controversy between Franchisor and Developer (including its affiliates, investors, and Owners) relating (a) to this Agreement, (b) the parties business activities conducted as a result of this Agreement, or (c) the parties’ relationship or business dealings with each other generally.

16.3 The parties shall meet and discuss and negotiate a resolution of the controversy. If negotiation efforts do not succeed, the parties shall engage in mandatory but non-binding mediation by a mediator jointly chosen by the parties or if the parties cannot agree upon a mediator, by the American Arbitration Association for disputes relating to locations outside of California or Franchise Arbitration and Mediation Services, Newport Beach, California, for disputes relating to locations within California.

16.4 A mediation meeting will be held at a place and at a time mutually agreeable to the parties and the mediator. The Mediator will determine and control the format and procedural aspects of the mediation meeting which will be designed to ensure that both the mediator and the parties have an opportunity to present and hear an oral presentation of each party’s views regarding the matter in controversy. The parties act in good faith to resolve the controversy in mediation.

16.5 The mediation will be held as soon as practicable after the negotiation meeting is held. The mediator will be free to meet and communicate separately with each party either before, during or after the mediation meeting within 60 days of demand by either party.

16.6 At the election of the Franchisor, the provisions of this Section 16 shall not apply to controversies relating to any fee due the Franchisor by Developer or its affiliates, any

promissory note payments due the Franchisor by Developer, or any trade payables due the Franchisor by Developer as a result of the purchase of equipment, goods or supplies. The provisions of this Section 16 shall also not apply to any controversies relating to the use and protection of the El Pollo Loco Marks, the Manual or the El Pollo Loco System, including without limitation, the Franchisor's right to apply to any court of competent jurisdiction for appropriate injunctive relief for the infringement of the El Pollo Loco Marks or the El Pollo Loco System.

#### **17.0 Severability.**

Each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation, by any court or agency having valid jurisdiction, then such shall be deemed not to be a part of this Agreement, but such shall not impair the operation of, or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, which will continue to be given full force and effect and bind the parties hereto.

#### **18.0 Applicable Law; Choice of Forum; Waiver of Jury Trial.**

This Agreement, after review by Developer and El Pollo Loco, was accepted in the state in which Franchisor's headquarters (currently the State of California) is located and shall be governed by and construed in accordance with the laws of such state. **THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST EACH OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, WILL BE BROUGHT WITHIN THE STATE IN WHICH FRANCHISOR'S HEADQUARTERS (CURRENTLY THE STATE OF CALIFORNIA) IS THEN LOCATED. THE PARTIES HEREBY WAIVE ANY RIGHT TO DEMAND OR HAVE TRIAL BY JURY IN ANY ACTION RELATING TO THIS AGREEMENT IN WHICH THE FRANCHISOR IS A PARTY. THE PARTIES CONSENT TO THE EXERCISE OF PERSONAL JURISDICTION OVER THEM BY SUCH COURTS AND TO THE PROPRIETY OF VENUE OF SUCH COURTS FOR THE PURPOSE OF CARRYING OUT THE PROVISION, AND THEY WAIVE ANY OBJECTION THAT THEY WOULD OTHERWISE HAVE TO THE SAME. ANY ACTION BETWEEN DEVELOPER AND FRANCHISOR SHALL INVOLVE ONLY THE INDIVIDUAL CLAIMS OF DEVELOPER AND SHALL NOT INVOLVE ANY CLASS, GROUP, CONSOLIDATED, REPRESENTATIVE OR ASSOCIATIONAL ACTION.**

#### **19.0 Document Interpretation.**

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include the singular or plural tense, and any gender, whether masculine, feminine or neuter, as the context or sense of this Agreement or any paragraph or clause may require, the same as if such words had been fully and properly written in the appropriate number or gender. In the event of a conflict in the language, terms, or conditions between this Agreement and any Franchise Agreement issued pursuant to this Agreement, the Franchise Agreement shall control.

## 20.0 **Covenant Not to Compete.**

20.1 To further protect the El Pollo Loco® System while this Agreement is in effect, Developer and each officer, director, shareholder, member, manager, partner and other equity owner, as applicable, of Developer, if Developer is an entity, shall neither directly nor indirectly own, operate, control or any financial interest in any other business which would constitute a “**Competitive Business**” (as hereinafter defined) without the prior written consent of Franchisor; provided further, that Franchisor may, in its sole discretion, consent to the Developer’s continued operation of any business already in existence and operating at the time of execution of this Agreement. In addition, Developer covenants that, except as otherwise approved in writing by the Franchisor, Developer shall not, for a continuous, uninterrupted period commencing upon the expiration, termination or assignment of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, own, operate, control or have any financial interest in any Competitive Business which is located or has outlets or restaurant units within the Territory. The foregoing shall not apply to operation of an El Pollo Loco® restaurant by Developer pursuant to a Franchise Agreement with Franchisor or the ownership by Developer of less than five percent (5%) of the issued or outstanding stock of any company whose shares are listed for trading on any public exchange or on the over-the-counter market, provided that Developer does not control or become involved in the operations of any such company. For purposes of this Section 20.1, a Competitive Business shall mean a self-service restaurant or fast-food business which sells chicken and/or Mexican food products, which products individually or collectively represent more than twenty percent (20%) of the revenues from such self-service restaurant or fast-food business operated at any one location during any calendar quarter. A “**Competitive Business**” shall not include a full-service restaurant.

20.2 In the event that any provision of Section 20.1 above shall be determined by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall not be void, but such provision shall be limited to the extent necessary to make it valid and enforceable.

20.3 Developer understands and acknowledges that Franchisor shall have the right to reduce the scope of any obligation imposed on Developer by Section 20.1, without Developer’s consent, and that such modified provision shall be effective upon Developer’s receipt of written notice thereof.

20.4 Developer acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of a preliminary and permanent injunction prohibiting any conduct by Developer in violation of the terms of those covenants not to compete set forth in this Agreement. Developer expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through Developer’s unlawful utilization of Franchisor’s Confidential Information, know-how, methods and procedures.

Exhibit G of Multi-State Disclosure Document Control No. 040114 – Franchise Development Agreement

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## **21.0 Notices.**

21.1 For the purpose of this Agreement, all notices shall be in writing and shall be sent to the party to be charged with receipt thereof either (i) served personally, or (i) sent by certified or registered United States mail, or (ii) sent by reputable overnight delivery service, or (iv) sent by facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given forty-eight (48) hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. All notices to El Pollo Loco® shall be addressed as follows:

El Pollo Loco, Inc.  
Attn: Legal Department  
3535 Harbor Blvd, Suite 100  
Costa Mesa, CA 92626  
(714) 599-5503 (fax)

21.2 All notices to Developer shall be faxed and mailed or sent via overnight service to the Developer's number and address shown on **Exhibit "B"**. Either party may from time to time change its address for the purposes of this Section by giving written notice of such change to the other party in the manner provided in this Section. Notwithstanding anything to the contrary contained herein, the Franchisor may deliver bulletins and updates to the Developer by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor.

## **22.0 Section Headings.**

The section headings appearing in this Agreement are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this Agreement.

## **23.0 Acknowledgments.**

23.1 Developer acknowledges that it has received a complete copy of the El Pollo Loco® Franchise Disclosure Document, issuance date \_\_\_\_\_, 20\_\_ at least 14 calendar days prior to the date on which this Agreement was executed by Developer or payment of any monies to the Franchisor.

23.2 Developer acknowledges that it has read and understands this Agreement, the Franchise Agreement, the attachments thereto and the agreements relating thereto contained in the Franchise Disclosure Document received by Developer on \_\_\_\_\_, 20\_\_, and that Franchisor has accorded Developer ample opportunity and has encouraged Developer to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Agreement.

Exhibit G of Multi-State Disclosure Document Control No. 040114 – Franchise Development Agreement

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**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed and delivered this Agreement in duplicate original as of the date and year first written above.

DEVELOPER:

EL POLLO LOCO, INC., a Delaware corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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**EXHIBIT "A" TO DEVELOPMENT AGREEMENT**

**TERRITORY**

Exhibit A of Development Agreement (Exhibit G of Multi-State Disclosure Document Control No. 040114)  
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**EXHIBIT "B" TO DEVELOPMENT AGREEMENT**

**DEVELOPMENT SCHEDULE**

**FRANCHISE NAME:**

**PRINCIPALS:**

**NOTICE ADDRESS:**

**FAX NUMBER:**

**EMAIL:**

**COMMENCEMENT DATE:**

**EXPIRATION DATE:**

**DEVELOPMENT FEE (SECTION 3.0):**

**DEVELOPMENT SCHEDULE:**

	<u>INITIAL FRANCHISEE AMOUNT<sup>1</sup></u>	<u>RESAC SUBMITTAL DATES</u>	<u>SITE COMMITMENT DATES (Date for delivery of signed leases or purchase agreements)</u>	<u>OPENING DATE OF RESTAURANT</u>
Restaurant # 1	\$ 40,000.00			
Restaurant # 2	\$ 30,000.00			
Restaurant # 3	\$ 30,000.00			

<sup>1</sup> Initial Franchise Fee is the total amount applicable to this unit, without applying the Development Fee deposited with Franchisor at the time of execution of this Agreement.

EXHIBIT "C" TO DEVELOPMENT AGREEMENT

LEASE ADDENDUM

THIS ADDENDUM is made and entered into this \_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ ("Lessor") and \_\_\_\_\_ ("Lessee").

WITNESSETH

WHEREAS, Lessor and Lessee entered into a Lease dated \_\_\_\_\_ (the "Lease") pertaining to the real property commonly known as \_\_\_\_\_ (the "Premises") allowing for operation of an El Pollo Loco Restaurant; and

WHEREAS, Lessor and Lessee desire to incorporate the following terms into the body of the Lease;

NOW, THEREFORE, in consideration of the covenants herein and therein, the parties hereto agree as follows:

1. Notwithstanding anything contained elsewhere in the Lease to the contrary, Lessee may use the Premises for the purpose of conducting thereon the business of an El Pollo Loco Restaurant and for incidental purposes related thereto, including, but not limited to, the use of the proprietary marks and signage that may now or hereinafter be required by Lessee's franchisor, El Pollo Loco, Inc. ("EPL"); provided, however, that Lessee shall not use the Premises in such a manner as to violate any applicable law, rule, ordinance or regulation of any governmental body which would have a material impact upon Lessee's ability to use the Premises. Lessor represents and warrants that use as an El Pollo Loco restaurant is not prohibited or limited by zoning or other restrictions. In the event use as an El Pollo Loco restaurant is hereafter prohibited or restricted by any law, ordinance or order of any governmental authority, Lessee shall have the right to terminate this Lease by giving Lessor thirty (30) days' notice in writing.

2. In the event the Franchise Agreement between EPL, as Franchisor, and Lessee, as Franchisee, is terminated or expires prior to the expiration of the Lease, EPL shall have the right, but not the obligation, to assume those rights and obligations of Lessee under the Lease arising on or after the date Lessee vacates the Premises, including taking possession of the Premises, all fixtures, and leasehold improvements. Lessor shall give EPL written notice of Lessee's vacation of the Premises, and thereafter EPL shall exercise such right to assume Lessee's rights and obligations by written notice to Lessor mailed or delivered not later than fifteen (15) days after EPL's receipt of written notice from Lessor of Lessee's vacation of the Premises.

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3. Lessor shall give EPL a copy of any and all notices of default given to Lessee, as required to be given by Lessor to Lessee under the terms of the Lease, at the same time such notice is given to Lessee. Within seven (7) days after Lessee's right to cure expires, EPL shall have the right, but not the obligation, to cure any such default.

4. Lessor hereby grants EPL, or its designee, the option, without Lessor's further consent, to assume all of Lessee's rights under the Lease, including the right to assign or Lease, upon Lessee's default or termination under the Lease.

5. The assumption of Lessee's obligations under the Lease by EPL shall in no way relieve Lessee/Franchisee from any obligations, expenses, charges or liabilities of Lessee/Franchisee to EPL under the terms of the Franchise Agreement mentioned above.

6. Lessor hereby grants Lessee the unrestricted right to assign or sublet the Lease to EPL.

7. During the term of the Franchise Agreement, Lessee is prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term or renewing the Lease without EPL's prior written consent.

8. Lessor hereby grants EPL, or its assignee, the right to enter the Premises to make any modifications necessary to protect the proprietary marks and the distinctive system relating to the operation of an El Pollo Loco Restaurant, without being deemed guilty of trespass or any other tort, to make such modifications necessary at the reasonable expense of Lessee, which expense Lessee shall pay EPL on demand.

9. Upon the expiration or earlier termination of the Lease for any reason, Lessee shall, upon written demand of EPL, remove all El Pollo Loco trademarks from all buildings, signs, fixtures and furnishings, and alter to and paint all buildings and other improvements maintained pursuant to the Lease a design and color which is basically different from El Pollo Loco's authorized building design and paint schedule. In addition to and without limiting the generality of the foregoing, Lessee shall make any other changes which EPL deems prudent.

If Lessee shall fail to make or cause to be made any such removal, alteration or repainting within thirty (30) days after written notice, Lessor shall give EPL written notice of such failure, and EPL shall have the right to enter upon the Premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such removal, alterations and repainting at the reasonable expense of Lessee, which expense Lessee shall pay EPL on demand.

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10. The Lease is contingent upon Lessee receiving all necessary franchise rights from EPL to operate an El Pollo Loco restaurant, and do business as an El Pollo Loco Franchise, at the Premises.

11. All notices which Lessor may serve on EPL hereunder shall be made in accordance with the Lease to:

El Pollo Loco, Inc.  
3535 Harbor Blvd., Ste. 100  
Costa Mesa, CA 92626  
Attention: Legal Department EPL #\_\_\_\_\_

12. Notwithstanding anything to the contrary elsewhere in the Lease or any addendum or amendment thereto, Lessor and Lessee agree that the terms and provisions set forth in this Addendum shall control and shall not be superseded, terminated or modified without the prior written consent of EPL, a third party beneficiary to the Lease, and this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date hereinabove set forth.

LESSOR:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

LESSEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

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**EXHIBIT "D" TO DEVELOPMENT AGREEMENT**

**EXISTING EL POLLO LOCO® RESTAURANTS IN THE TERRITORY**

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**EXHIBIT "E" TO DEVELOPMENT AGREEMENT**

**PROCEDURES FOR RESOLVING DISPUTES RELATING TO  
THE DEVELOPMENT OF NEW RESTAURANTS**



**PROCEDURES FOR RESOLVING DISPUTES RELATING TO  
THE DEVELOPMENT OF NEW RESTAURANTS**

**(August 2013)**

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**PROCEDURES FOR RESOLVING DISPUTES  
RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**ARTICLE I  
STATEMENT OF PURPOSE; NATURE OF PROCEDURES**

**SECTION 1.1. Statement of Purpose.** Disputes may arise between EPL, its franchisees and its prospective franchisees concerning the development of new restaurants near existing restaurants. The objectives of the alternative dispute resolution procedures described in this document are first, to initiate open communication between EPL, its franchisees and prospective franchisees in order to avoid disputes concerning the development of new restaurants, and second, to resolve disputes concerning the development of new restaurants without resorting to litigation.

**SECTION 1.2. Nature of Procedures.** The alternative dispute resolution procedures described in these procedures are private and consensual proceedings and constitute the sole and exclusive rights and remedies for those EPL franchisees party to these procedures with respect to New Restaurant Disputes (as that term is defined below). Neither such alternative dispute resolution procedures nor any notice request or other communication delivered in connection with alternative dispute resolution procedures constitutes an admission of any wrongdoing.

**ARTICLE II  
DEFINITIONS**

“**ADR Deposit**” means a deposit in the amount of two thousand five hundred (\$2,500) United States Dollars.

“**ADR Procedures**” means, collectively, the alternative dispute resolution procedures described herein, as they may be modified from time to time, including negotiation, Mediation and the Arbitration Procedures.

“**Allowable Transfer Factor**” has the meaning specified in Section 7.6.2.

“**Arbitration Agreement**” means an agreement, substantially in the form of Exhibit B, whereby all parties thereto agree to resolve the New Restaurant Dispute through the ADR Procedures set forth in Articles VI and VII.

“**Arbitration Procedures**” means the arbitration procedures described in Article VII.

“**Arbitration Proceedings**” has the meaning specified in Section 7.1.

“**Arbitration Session**” means an informal arbitration session conducted by the Arbitrator.

“**Arbitrator**” means an arbitrator selected pursuant to Section 7.2.1.



**“Designated Representative”** means an employee of EPL designated by EPL to participate in the meetings required herein.

**“Developer”** means either EPL or a new or proposed franchisee (whether or not a party to an EPL Development Agreement) that desires to develop a New Restaurant at a Target Site.

**“Dispute Resolution Entity”** means JAMS or another third party dispute resolution organization designated by EPL and consented to by Objecting Franchisee and the Developer (if other than EPL), which consent shall not be unreasonably withheld, which is qualified to create a panel of mediators and arbitrators.

**“EPL”** means El Pollo Loco, Inc., a Delaware corporation.

**“Existing Site”** means the specific site approved by EPL for the operation of an Objecting Franchisee’s El Pollo Loco® restaurant and which is described in a Franchise Agreement between the Objecting Franchisee and EPL.

**“Gross Percentage”** has the meaning specified in Section 7.6.4.

**“Independent Consultant”** means one of several independent suppliers identified by EPL who are experienced in analyzing demographics and predicting the transfer of sales from an existing restaurant to a new restaurant.

**“JAMS”** means J.A.M.S./Endispute, a California corporation, organized to resolve business disputes without resorting to litigation.

**“Mediation”** means the procedure of mediation described in Article VI.

**“Mediation Meeting”** means an informal mediation session held before the Mediator pursuant to Section 6.4.

**“Mediator”** means a mediator selected pursuant to Section 6.3.

**“New Restaurant”** means a proposed restaurant to be developed at a Target Site.

**“New Restaurant Dispute”** means a dispute among any Objecting Franchisee and Developer concerning the development of a New Restaurant at a Target Site, including any claims asserted by such Objecting Franchisee relating to encroachment or an unreasonable impact on sales.

**“New Restaurant Rights”** means that right of an Objecting Franchisee to locate a Target Site for a New Restaurant within the Target Area.

**“Notification Radius”** means, with respect to each Existing Site, the lesser of (a) two (2) miles radiating from the Existing Site or (b) the area within a ring radiating out from the location of such Existing Site which contains, by U.S. Government Bureau of Census survey, a population of at least 30,000 people.

The Notification Radius in prior forms of Franchise Agreements for Existing Sites (“Prior Notification Radius”) may be different than described above. If so, that Prior Notification Radius will control with respect to those Existing Sites.

“**Notification Radius Franchisees**” means all EPL franchisees who own or lease an Existing Site for which a Target Site falls within such franchise restaurant’s Notification Radius and who have entered into a Franchise Agreement with EPL for such Existing Site which contains the ADR Procedures.

“**Objecting Franchisee**” means any Notification Radius Franchisee that submits an objection Notice pursuant to Section 3.1.2.

“**Objection Notice**” means a notice submitted by a Notification Radius Franchisee to EPL of its objection to the development of a New Restaurant on the grounds of “unreasonable impact” and which conforms to the requirements set forth at Section 3.1.2.

“**Preliminary Meeting**” has the meaning specified in Section 3.1.2 (a).

“**Pre-Mediation Negotiations**” means good faith negotiations between EPL, Developer (if other than EPL) and an Objecting Franchisee occurring prior to Mediation.

“**Prior Notification Radius**” means the Notification Radius in prior forms of Franchise Agreements for Existing Sites.

“**Reduced Profit**” has the meaning specified in Section 7.6.4.

“**Royalty Deferral**” means the conditional deferral of payment of EPL royalty fees (but not advertising fees, such advertising fees to remain payable during such period of conditional deferral) payable under the Franchise Agreement for the Objecting Franchisee’s restaurant pursuant to Section 4.2.

“**Impact Analysis**” means a trade area study prepared by an Independent Consultant analyzing the impact, if any, that a New Restaurant may have on an Objecting Franchisee’s EPL Restaurant.

“**Impact Analysis Deposit**” means a deposit in the amount of five thousand United States Dollars (\$5,000.00).

“**Target Area**” means an area with distinct geographic boundaries as agreed upon by EPL and Franchisee, such boundaries to be no greater than a two mile radius.

“**Target Site**” means a specific site for the development of a New Restaurant.

“**Transferred Sales**” has the meaning specified in Section 7.6.4.

“**Year Factor**” means a factor selected by the Arbitrator which will not be (a) less than one (1) or (b) greater than eight (8).

**ARTICLE III**  
**PRE-DEVELOPMENT COMMUNICATION**

**SECTION 3.1. Procedures Prior to Development of New Restaurant.**

3.1.1. When a Target Site for a New Restaurant is identified by EPL (whether or not at the request of a Developer other than EPL), EPL will notify all Notification Radius Franchisees. If the New Restaurant is to be developed by a Developer other than EPL, EPL will also provide Developer’s address to all Notification Radius Franchisees for notice purposes.

3.1.2. If any Notification Radius Franchisee wishes to object to the New Restaurant on the grounds of “unreasonable impact,” it will submit to EPL (and to Developer, if other than EPL, at the address provided by EPL pursuant to Section 3.1.1, above) an Objection Notice within fifteen (15) days of its receipt of the notice given by EPL pursuant to Section 3.1.1 above. The Objection Notice must be in writing and specifically identify the Existing Site and state the reasons why the New Restaurant will unreasonably impact the Objecting Franchisee’s franchise restaurant at the Existing Site. The Objection Notice must also include a summary report, in the form attached hereto as Exhibit A, which sets forth such information as the Objecting Franchisee believes is relevant to EPL’s decision on whether a New Restaurant should be developed at a Target Site. Notwithstanding the foregoing, a Notification Radius Franchisee shall not be entitled to submit an Objection Notice or otherwise proceed hereunder if such franchisee or its affiliate will own directly or indirectly any interest in the New Restaurant or the entity owning the New Restaurant. In addition, an Objecting Franchisee’s rights hereunder shall automatically terminate with respect to any franchise restaurant located within a Notification Radius if the Franchise Agreement for such restaurant is terminated by EPL or such Objecting Franchisee for any reason.

- (a) Within fifteen (15) days after receipt by EPL and Developer (if other than EPL) of an Objecting Franchisee’s Objection Notice, such Objecting Franchisee, a representative of EPL, and Developer (if other than EPL) will meet at the Objecting Franchisee’s offices or at such other location as is mutually agreed upon by the Objecting Franchisee, EPL, and Developer (if other than EPL) (the “**Preliminary Meeting**”). At such Preliminary Meeting the participants will review the objections of the Objecting Franchisee and attempt to resolve any New Restaurant Dispute.
- (b) (i) If, at or after the Preliminary Meeting between EPL, Objecting Franchisee, and Developer (if other than EPL), EPL or Developer (if other than EPL) elects to continue with the development of the New Restaurant, it shall give to the Objecting Franchisee (and, if Developer is other than EPL, to EPL) following

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such Preliminary Meeting a written notification of that decision. Thereafter, the Objecting Franchisee may request an Impact Analysis for each of its franchise restaurants located at Existing Sites within the Notification Radius and that the results of each such Impact Analysis be considered by EPL and Developer (if other than EPL) prior to making a final decision with regard to the New Restaurant. The Objecting Franchisee will cooperate with all reasonable requests for information by EPL, Developer (if other than EPL) and the Independent Consultant in the preparation of each Impact Analysis.

(ii) If an Objecting Franchisee requests an Impact Analysis, the Objecting Franchisee and Developer (if other than EPL) will initially bear the cost of such Impact Analysis subject to their individual right to a refund of such amounts or a portion thereof pursuant to Section 3.1.2(b)(iv) below. If the New Restaurant is to be developed by EPL, the Objecting Franchisee will deposit with EPL, within five (5) business days of its receipt of the notification from EPL described at Section 3.1.2(b)(i) above, an Impact Analysis Deposit for each of such Objecting Franchisee's restaurants for which an Impact Analysis is requested, to be held in escrow by EPL. EPL will, upon receipt of the Impact Analysis Deposit for an existing franchise restaurant of an Objecting Franchisee, order an Impact Analysis from the Independent Consultant for such franchise restaurant. If the New Restaurant is to be developed by a Developer other than EPL, Objecting Franchisee and that Developer will, within five (5) business days of the notification provided by that Developer described at Section 3.1.2(b)(1) above, deposit with EPL an Impact Analysis Deposit for each of the Objecting Franchisee's restaurants for which an Impact Analysis is requested. EPL will, upon receipt of the Impact Analysis Deposits from the Objecting Franchisee and the Developer for an existing franchise restaurant of an Objecting Franchisee, order an Impact Analysis from the Independent Consultant for such franchise restaurant. A copy of the results of such Impact Analysis (whether the New Restaurant is to be developed by EPL or a Developer other than EPL) will be forwarded directly to the Objecting Franchisee, EPL and Developer (if other than EPL) by the Independent Consultant. The failure by the Objecting Franchisee (in a case where the New Restaurant is to be developed by EPL) or the failure by either the Objecting Franchisee or the Developer (in a case where the New Restaurant is to be developed by a Developer other than EPL) to deposit with EPL the Impact Analysis Deposit within the allotted time frame will relieve EPL of any obligation to order the Impact Analysis for such franchise restaurant and/or allow EPL to delay its decision with regard to the New Restaurant as provided below.

(iii) If the New Restaurant is to be developed by EPL, upon receipt of an Impact Analysis Deposit from the Objecting Franchisee for an existing franchise restaurant, EPL will delay announcing any final decision to proceed with the New Restaurant until the fifth business day after the results of the Impact Analysis have been submitted to EPL and the Objecting Franchisee. If the New Restaurant is to be developed by a Developer other than EPL, EPL will delay such announcement until the fifth (5th) business day after the results of the Impact Analysis have been submitted to EPL, such Developer and the Objecting

Franchisee. During such five (5) business day period, EPL, Developer (if other than EPL) and the Objecting Franchisee will consider the results of the Impact Analysis in determining whether to continue developing the New Restaurant, in the case of EPL or a Developer other than EPL, or pursuing its objection, in the case of the Objecting Franchisee.

(iv) If the New Restaurant is to be developed by EPL and the Impact Analysis relating to an existing franchise restaurant of the Objecting Franchisee projects a transfer of sales from the Objecting Franchisee's restaurant to the New Restaurant of twelve percent (12%) or more, EPL will refund the Impact Analysis Deposit relating to such restaurant to the Objecting Franchisee and EPL will bear the cost of the Impact Analysis. If such projected transfer of sales is less than twelve percent (12%), the Impact Analysis Deposit will be applied against the cost of the Impact Analysis, and either (A) any shortfall between such Impact Analysis Deposit and the actual cost of the Impact Analysis will be paid immediately by the Objecting Franchisee or (B) any balance in the Impact Analysis Deposit after payment of the cost of the Impact Analysis will be returned to the Objecting Franchisee. If the New Restaurant is to be developed by a Developer (other than EPL), and the Impact Analysis relating to an existing franchise restaurant of the Objecting Franchisee projects a transfer of sales from the Objecting Franchisee's restaurant to the New Restaurant of twelve percent (12%) or more, EPL will refund the Impact Analysis Deposit initially paid by the Objecting Franchisee to the Objecting Franchisee and the Impact Analysis Deposit initially paid by Developer (other than EPL) will be applied against the cost of the Impact Analysis, and either (A) any shortfall between the Impact Analysis Deposit initially paid by such Developer and the actual cost of the Impact Analysis will immediately be paid by such Developer or (B) any balance in the Impact Analysis Deposit after payment of the cost of the Impact Analysis will be returned to such Developer. If such projected transfer of sales is less than twelve percent (12%), EPL will refund the Impact Analysis Deposit initially paid by the Developer (other than EPL) to such Developer, and the Impact Analysis Deposit initially paid by the Objecting Franchisee will be applied against the cost of the Impact Analysis, and either (A) any shortfall between the Impact Analysis Deposit and the actual cost of the Impact Analysis will immediately be paid by the Objecting Franchisee or (B) any balance in the Impact Analysis Deposit after payment of the cost of the Impact Analysis will be returned to the Objecting Franchisee.

(v) The Objecting Franchisee, EPL and Developer (if other than EPL), agree that the results of any Impact Analysis and the twelve percent (12%) threshold specified in Section 3.1.2(b)(iv) above are not determinative of any matter other than for the determination of which participant bears the cost of such Impact Analysis, whether the Objecting Franchisee qualifies for Royalty Deferral and interim financial support as set forth in Sections 4.2 and 4.3.2 below and for EPL's determination as set forth in Section 3.1.3 below, and may not be used for any other purposes in connection with the New Restaurant Dispute, including Mediation or the Arbitration Procedures.

3.1.3. After consideration of the information obtained by and/or provided to EPL concerning the New Restaurant and its projected impact, if any, on the Objecting Franchisee's restaurant, including the Impact Analysis, if applicable, and if Developer (if other than EPL) has indicated to EPL a desire to proceed with the development of the New Restaurant, before EPL approves a Target Site for development, EPL will notify in writing all Objecting Franchisees and Developer (if other than EPL) that EPL will either:

- (a) not approve the Target Site; or
- (b) grant to an Objecting Franchisee the New Restaurant Rights; or
- (c) approve the development of a New Restaurant at the Target Site by the Developer as proposed.

Notwithstanding anything contained herein to the contrary, including the right of a Notification Radius Franchisee to submit an Objection Notice, EPL at all times retains the absolute and unilateral right to elect any of the options specified in Clause (a), (b) or (c) above, including, specifically, the right to approve the development of a New Restaurant.

3.1.4 If EPL grants to an Objecting Franchisee the New Restaurant Rights in accordance with Section 3.1.3(b) above, such Objecting Franchisee will have fifteen (15) days after receipt of the notice given under Section 3.1.3 to (i) accept the New Restaurant Rights by executing and delivering to EPL an Agreement identifying the Target Area for the New Restaurant, and such other terms as may reasonably be agreed upon by the parties; and (ii) reimburse EPL or Developer (if other than EPL) for the cost of the Impact Analysis (if either EPL or Developer had paid for the Impact Analysis). Objecting Franchisee will have the right, but not the obligation, to accept the New Restaurant Rights. If such Objecting Franchisee declines to accept the New Restaurant Rights, such Objecting Franchisee will not be deemed to have waived any rights to participate in the ADR Procedures.

Following the execution by Objecting Franchisee of the Agreement referenced in this Section 3.1.4, the Developer will be treated as a Notification Radius Franchisee if it operates a restaurant at an Existing Site and has executed a Franchise Agreement for that site containing the ADR Procedures meeting the criteria specified in the definition thereof.

3.1.5 If the New Restaurant is to be developed by a Developer other than EPL and EPL elects the option at Section 3.1.3(c), above, Developer has thirty (30) days after receipt of the Section 3.1.3 notification, to notify EPL and Objecting Franchisee(s) of its decision whether to develop the New Restaurant.

### **SECTION 3.2. New Restaurant Site in Jeopardy.**

3.2.1. On occasion, the Developer must commit to acquire a Target Site for a New Restaurant prior to the results of the Impact Analysis becoming available. In such cases, the Target Site for such New Restaurant may be considered by EPL to be "**In Jeopardy**".

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3.2.2. A Target Site may be considered “**In Jeopardy**” by EPL if, in its reasonable judgment:

- (a) the Site for the New Restaurant identified by the Developer is available for development by others for uses other than as an El Pollo Loco® restaurant;
- (b) the Site for the New Restaurant identified by the Developer is likely to become unavailable for development as an El Pollo Loco® restaurant due to any delay caused by the preparation of the Impact Analysis; or
- (c) there is not an economically comparable alternative site available within the geographic area surrounding the Target Site.

EPL may also consider any other relevant information in making its determination.

3.2.3. If EPL determines that a Target Site is “In Jeopardy”, EPL may develop or permit development by a Developer of such site without waiting for the results of the Impact Analysis. If EPL so elects (or, if EPL permits a Developer to develop and the Developer decides to do so), each Objecting Franchisee who has satisfied the requirements at Section 4.1.1 and Sections 4.1.3 through 4.1.5 below will be treated as if an Impact Analysis had been conducted showing results in excess of twelve percent (12%), and such Objecting Franchisee will be entitled to (a) Royalty Deferral, as defined in Section 4.2 below, and (b) quarterly meetings together with, if applicable, financial support, as described in Section 4.3 below.

#### **ARTICLE IV FINANCIAL SUPPORT DURING ADR PROCEDURES**

**SECTION 4.1. Conditions Precedent.** The provisions of Sections 4.2 and 4.3 will apply with respect to an Objecting Franchisee if all of the following conditions are met:

4.1.1. Such Objecting Franchisee requests an Impact Analysis and, if required by Section 3.1.2(b)(ii) above, timely delivers the Impact Analysis Deposit.

4.1.2. The Impact Analysis projects a transfer of sales from such Objecting Franchisee’s restaurant to the New Restaurant of twelve percent (12%) or more of the Objecting Franchisee’s sales or, if a Target Site is in jeopardy, EPL makes an election pursuant to Section 3.2.3 to develop the New Restaurant (or, EPL permits a Developer to develop the New Restaurant and the Developer decides to do so).

4.1.3. Such Objecting Franchisee is not granted the New Restaurant Rights.

4.1.4. Such Objecting Franchisee elects to pursue the ADR Procedures.

4.1.5. The New Restaurant opens for business.

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**SECTION 4.2. Royalty Deferral.** If each of the conditions listed in Section 4.1 above have been met with respect to an Objecting Franchisee and if the Objecting Franchisee requests in writing, then commencing on the tenth (10th) day of the first (1st) calendar month following the opening of the New Restaurant, such Objecting Franchisee will be entitled to Royalty Deferral. The Royalty Deferral will apply to the royalty fees payable in respect of any month for which a decrease in sales, as compared to the same calendar month in the preceding calendar year, has occurred and will remain in effect until the conclusion of the ADR Procedures concerning the New Restaurant. The Royalty Deferral will be discontinued if Franchisee does not comply with each of the requirements of or otherwise discontinues its participation in the ADR Procedures. The granting of such Royalty Deferral or the making of a loan described in Section 4.3. below shall not be admissible as evidence or otherwise brought before the Mediator or the Arbitrator in any mediation or arbitration nor be deemed proof of an “Unreasonable Impact.”

**SECTION 4.3. Quarterly Meetings.**

4.3.1. As a further condition to an Objecting Franchisee’s right to continue to receive Royalty Deferral pursuant to Section 4.2, each Objecting Franchisee and a Designated Representative will engage in quarterly meetings. In addition, in order for the Objecting Franchisee to continue to receive such Royalty Deferral, at least five (5) business days prior to each such meeting, such Objecting Franchisee will submit in writing to the Designated Representative (i) an up-to-date profit and loss statement, balance sheet and gross sales report for the trailing 12-month period and (ii) all other information and data relevant to the operation, sales and/or profits of such Objecting Franchisee’s restaurant, including any sales promotion activities.

4.3.2. If it is determined by both the Objecting Franchisee and the Designated Representative that additional financial support is necessary to enable the Objecting Franchisee to generate additional net cash flow in the current year from the operation of such Objecting Franchisee’s restaurant, EPL will loan to such Objecting Franchisee, with no interest, amounts to be determined by EPL to be sufficient to assist such Objecting Franchisee to achieve such additional net cash flow but not to exceed the net cash flow level obtained in the preceding year for the comparable period. Such Objecting Franchisee will execute one or more demand promissory notes, in the form of Exhibit C, evidencing such loan amounts.

4.3.3. If such Objecting Franchisee receives an award pursuant to Section 7.6.3 below or if the participants reach an agreement as set forth in Section 6.1.1, 6.7.2 or 7.5.3 below, and if EPL is required by either the award or such agreement to make a payment to the Objecting Franchisee, the amount to be paid to such Objecting Franchisee by EPL pursuant to such Sections will be decreased by (a) the aggregate amount deferred as Royalty Deferrals pursuant to Section 4.2 above plus (b) the aggregate unpaid principal amount of all loans made pursuant to Section 4.3.2 above. If such Objecting Franchisee does not receive an award to be paid by EPL (i.e., either no award or an



award to be paid by a Developer other than EPL), Objecting Franchisee must pay Franchisor the aggregate amount deferred as Royalty Deferrals within ten (10) days of receipt of the ruling and pay Franchisor in accordance with the loan documents the aggregate unpaid principal amount of all loans made pursuant to Section 4.3.2 (unless an agreement as set forth in Section 6.1.1, 6.7.2 or 7.5.3 below modifies these obligations).

## ARTICLE V INITIATION OF ADR PROCEDURES

### SECTION 5.1. Initiation of ADR Procedures.

5.1.1. If EPL or Developer (if other than EPL) elects to develop the New Restaurant, then any Objecting Franchisee, EPL and the Developer (if other than EPL) shall proceed with premeditation negotiations and, if necessary, mediation described in Article VI.

5.1.2. Upon conclusion of mediation as set forth in Section 6.8.1, such Objecting Franchisee may elect to proceed with the Arbitration Procedures. If such Objecting Franchisee elects not to proceed under the Arbitration Procedures, it shall withdraw from the ADR Procedures in the manner provided for at Section 5.3. If such Objecting Franchisee elects to proceed with the Arbitration Procedures, such Objecting Franchisee, EPL, and the Developer (if other than EPL) shall sign an Arbitration Agreement. At the time of the signing of the Arbitration Agreement by such Objecting Franchisee, such Objecting Franchisee will deposit with EPL the ADR Deposit to be held in escrow by EPL. The ADR Deposit will either be (a) applied against the costs and expenses of the Arbitration Sessions, (b) returned to such Objecting Franchisee pursuant to the Arbitrator's decision, or (c) applied pursuant to the agreement of the participants. If such Objecting Franchisee elects to withdraw from the ADR Procedures and release EPL and Developer (if other than EPL) as to the claims relating to or arising out of the New Restaurant Dispute at any time prior to the appointment of the Arbitrator, the ADR Deposit (less any sums expended or committed to be expended by EPL in connection with the ADR Procedures) will be returned to such Objecting Franchisee. The failure of such Objecting Franchisee to execute the Arbitration Agreement or to deposit with EPL the ADR Deposit in a timely manner will relieve EPL and Developer (if other than EPL), at EPL's sole discretion, of any obligation to resolve the New Restaurant Dispute through the ADR Procedures and will be deemed a waiver by an Objecting Franchisee of its rights hereunder.

5.1.3 Notwithstanding the text of these ADR Procedures, if the New Restaurant is to be developed by a Developer other than EPL, EPL has the right, but not the obligation, to participate in the ADR Procedures as described in Sections 5 through 7 (including, but not limited to, Pre-Mediation Negotiation, Mediation Meeting, Mediation, and Arbitration Proceedings).

**SECTION 5.2. Monitoring Period.** After the New Restaurant is opened for business, each of EPL and the Objecting Franchisee, at its own cost, will independently monitor the performance of such Objecting Franchisee's restaurant for a period not to exceed twelve (12) months.

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**SECTION 5.3 Withdrawal from ADR Procedures.** An Objecting Franchisee may, at any time, withdraw from the ADR Procedures upon delivery of a withdrawal notice to EPL and Developer (if other than EPL) and upon such withdrawal, an Objecting Franchisee will be deemed to release EPL and Developer (if other than EPL) as to the claims relating to or arising out of the New Restaurant Dispute.

## **ARTICLE VI NEGOTIATION/MEDIATION PROCEDURES**

### **SECTION 6.1. Pre-Mediation Negotiations.**

6.1.1. EPL, Objecting Franchisee and Developer (if other than EPL) will attempt, in good faith, to resolve any New Restaurant Dispute by Pre-Mediation Negotiation. Pre-Mediation Negotiation must be concluded no later than forty-five (45) days following the first year anniversary of the opening of the New Restaurant.

6.1.2. If the New Restaurant Dispute has not been resolved by negotiation prior to commencement of Mediation as set forth below, the participants will submit the New Restaurant Dispute to Mediation.

### **SECTION 6.2. Mediation Commencement.**

6.2.1. Mediation will be mandatory and non-binding.

6.2.2. If the New Restaurant Dispute is resolved at the Preliminary Meeting, in the Pre-Mediation Negotiations or otherwise, Mediation will be unnecessary. If, however, the New Restaurant Dispute remains unresolved, Mediation will commence following the opening of the New Restaurant within the time period set forth at [Section 6.4.2](#).

**SECTION 6.3. Mediator Selection.** Subject to the provisions relating to mediators in [Section 8.1](#), a mediator will be selected by the participants not later than one hundred eighty (180) days after the opening of the New Restaurant from a panel of three (3) candidates selected by the Dispute Resolution Entity from the region where the Target Site is located. If the participants cannot agree on the selection of a mediator from such panel, then the Dispute Resolution Entity will select a mediator from its other panel members (but not from such panel of three candidates) residing in the region where the Target Site is located.

### **SECTION 6.4. Mediation Meeting.**

6.4.1. A Mediation Meeting will be held at a place and at a time agreeable to EPL, such Objecting Franchisee, Developer (if other than EPL) and the Mediator. The Mediator will determine and control the format and procedural aspects of the Mediation Meeting which will be designed to ensure that both the Mediator and the participants

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have an opportunity to hear an oral presentation of the other participants' views on the New Restaurant Dispute. The participants agree to cooperate in all respects with the Mediator. The participants will attempt to resolve the New Restaurant Dispute with the assistance of the Mediator.

6.4.2. The Mediation Meeting will be conducted not less than sixty (60) days nor more than one hundred twenty (120) days following the first anniversary of the opening of the New Restaurant.

6.4.3. The Mediator will be free to meet and communicate separately with each participant.

6.4.4. In the event that any participant requires a substantial amount of information in the possession of the other participant in order to adequately prepare for the Mediation Meeting, the participants will attempt, in good faith, to agree on procedures for the expeditious exchange of such information. If the participants fail to agree on such procedures, the Mediator will determine such procedures and which documents and information will be exchanged.

6.4.5. Each participant may be represented by one or more other persons, including its counsel, one or more of its business persons, an accountant and a financial consultant. At least one representative of each participant must have the authority to negotiate a settlement of the New Restaurant Dispute.

#### **SECTION 6.5. Privileges of the Mediator.**

6.5.1. The Mediator may freely express his views to the participants on the legal issues unless a participant objects to his doing so.

6.5.2. The Mediator may obtain assistance and independent expert advice with the agreement of the participants and at the participants' expense (which will be shared evenly among the participants).

6.5.3. The Mediator will not be liable for any act or omission in connection with the role of mediator, other than for his or her gross negligence or willful misconduct.

#### **SECTION 6.6. Information Requested by Mediator.**

6.6.1. The Mediator may request that the participants present, and each participant may elect to submit, a written summary of the New Restaurant Dispute to the Mediator with such additional information as the Mediator deems necessary to become familiar with the New Restaurant Dispute.

6.6.2.1 The Mediator may raise legal questions and arguments.

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## **SECTION 6.7. Settlement through Mediation.**

6.7.1. If the participants have failed to reach an acceptable settlement prior to the end of the Mediation Meeting, the Mediator, before concluding the Mediation Meeting, may submit to the participants a settlement proposal based on the same considerations to be used by an Arbitrator as set forth in Article VII which the Mediator deems to be equitable to all participants. Each of the participants will, in good faith, evaluate the proposal and discuss it with the Mediator. In the event that a settlement is not reached, neither the terms of the proposed settlement nor either party's refusal to agree thereto shall be admissible in the Arbitration Proceedings nor brought before the Arbitrator in any way.

6.7.2. If a settlement is reached, the Mediator, or one of the participants at the request of the Mediator, will prepare a settlement agreement for execution by the participants. Such settlement agreement will be edited as necessary by all participants until it is mutually acceptable. When a mutually acceptable settlement agreement is completed, each participant will execute and deliver such settlement agreement.

## **SECTION 6.8. Conclusion of Mediation.**

6.8.1. The participants will cooperate and continue to mediate until the Mediator terminates the Mediation. The Mediator will terminate the Mediation upon the earlier of (i) execution of a settlement agreement, (ii) a declaration by the Mediator that the Mediation is terminated, or (iii) completion of a full day Mediation Meeting unless extended by agreement of the participants.

6.8.2. If an Objecting Franchisee has elected to proceed to arbitration, the participants will proceed according to the Arbitration Procedures. If an Objecting Franchisee does not elect to proceed to arbitration, it shall withdraw from the ADR Procedures in the manner provided for, and under the terms, at Section 5.3.

## **ARTICLE VII ARBITRATION**

**SECTION 7.1. Initiating Arbitration.** The arbitration proceedings (the "**Arbitration Proceedings**") will be formally initiated by the execution of the Arbitration Agreement as provided in Section 5.1.2. Such Arbitration Agreement must be executed by the Objecting Franchisee and Developer (if other than EPL) and delivered to EPL within ten (10) days following the conclusion of the Mediation. Each Objecting Franchisee whose claim relates to the same Target Site is entitled to a separate Arbitration Session although the Arbitrator for each Arbitration Session will be the same.

## **SECTION 7.2. Arbitrator Selection and Duties.**

7.2.1. A panel of three (3) arbitrator candidates from the general geographic area where the Target Site is located will be submitted to the participants not later than ten (10) days after the conclusion of the Mediation by the Dispute Resolution Entity. The

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participants will attempt to agree on an arbitrator from the panel not later than thirty (30) business days after the execution of the Arbitration Agreement. If the participants cannot agree on an arbitrator from such three member panel, then the Dispute Resolution Entity will select the arbitrator from its other panel members (but not from such panel of three candidates) residing in the region where the Target Site is located. If the New Restaurant Dispute includes more than one Objecting Franchisee and such Objecting Franchisees cannot mutually agree on an arbitrator, each Objecting Franchisee will select one arbitrator from the panel of three candidates and the Dispute Resolution Entity will make a random selection from those arbitrator candidates selected by the Objecting Franchisees as to which arbitrator candidate will serve as such Objecting Franchisees' selection.

7.2.2. The Arbitrator will assume the duties and functions described in this Article VII and perform them in accordance with the procedures set forth herein. The Arbitrator will also perform any additional duties and functions on which the participants and the Arbitrator hereafter agree. The Arbitrator will execute an Arbitrator Retention Agreement, substantially in the form of Exhibit D.

7.2.3. Except as specifically provided for in this Article VII or as agreed upon by the participants, no participant, nor anyone acting on its behalf, will separately communicate with the Arbitrator on any matter of substance.

7.2.4. The Arbitrator will promptly notify the participants to the Arbitration Agreement and the Dispute Resolution Entity of his/her unavailability to conduct the Arbitration Session, in which case a replacement Arbitrator will be selected by the participants. If the participants cannot agree on a replacement Arbitrator within the time specified by the Dispute Resolution Entity, then the Dispute Resolution Entity will select the replacement Arbitrator from its other members (but not from the original panel of three candidates) residing in the region where the Target Site is located.

### **SECTION 7.3. Disclosures.**

7.3.1. Not later than forty-five (45) days after the Objecting Franchisee's and Developer's execution and delivery of the Arbitration Agreement, each participant will send a summary of its position to the Arbitrator for the purpose of familiarizing the Arbitrator with the facts and issues in the New Restaurant Dispute with a copy being provided simultaneously to the other participants. The participants will comply promptly with any requests by the Arbitrator for additional documents or information relevant to the New Restaurant Dispute.

7.3.2. The participants will attempt, in good faith, to agree on a plan for reasonably necessary, expeditious discovery, including the deposition of any expert or other witness of any other participant. If they fail to agree, any participant may request a joint meeting (by telephone) with the Arbitrator, who will assist the participants in agreeing on a discovery plan. In the absence of an agreement by the participants, a discovery plan will be implemented by the Arbitrator.

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7.3.3. Before the Arbitration Session, at a time mutually agreed upon by the participants but not later than thirty (30) days prior to the date set for the Arbitration Session, all participants will exchange, and submit to the Arbitrator, all documents and exhibits on which the participants intend to rely during the Arbitration Session. In addition, the participants will exchange, and submit to the Arbitrator, a brief that will include the following: (a) a summary of all expert witness opinions to be expressed and the basis for such opinions, including the data or other information relied upon in forming such opinions; (b) the qualifications of any expert witness, including education and employment history and a listing of other matters in which the expert witness has testified as an expert; and (c) a summary of the statements to be made by such participant during the Arbitration Session. The brief will not exceed fifteen (15) pages, single-spaced or thirty (30) pages, double-spaced.

7.3.4. Each participant is under a duty to reasonably supplement or correct its disclosures and submissions if such participant obtains information on the basis of which it knows that the information previously disclosed was either incomplete or incorrect when made or is no longer complete or true. The Arbitrator will, upon request of an aggrieved participant, grant such appropriate non-monetary relief to assure that these disclosure procedures are followed and that adequate pre-Arbitration Session disclosure and submissions are made as required by Section 7.3.2 and 7.3.3.

#### **SECTION 7.4. Arbitration Session.**

7.4.1. Not later than forty-five (45) days after execution of the Arbitration Agreement, the participants and the Arbitrator will establish the date, which will not be later than ninety (90) days after execution of the Arbitration Agreement, and time of the Arbitration Session during which each participant will make an oral presentation to the Arbitrator concerning the New Restaurant Dispute. The Arbitration Session will be held before the Arbitrator at such location as is agreed to by the participants, or failing such agreement on such location, as specified by the Arbitrator.

7.4.2. During the Arbitration Session, each participant will make an oral presentation of its case and each other participant will be entitled to a rebuttal.

7.4.3. The order of oral presentations and rebuttals will be determined by agreement between the participants, or failing such agreement, by the Arbitrator. In order to allow each participant reasonable opportunity to present his position, but with the express objective of reasonable brevity in mind, unless otherwise agreed to by the participants: (a) each participant's oral presentation will not exceed two (2) hours, (b) each participant will have no more than one (1) hour within which to question the other participant and its witnesses, and (c) each participant's rebuttal will not exceed one (1) hour. As long as each participant is treated equally, the Arbitrator may extend or shorten such time periods, provided that the Arbitration Session will not exceed two (2) full days unless otherwise agreed to by the participants. The oral presentation, questioning of participants and their witnesses and rebuttal of any participant will not be interrupted by any other participant except the Arbitrator.

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7.4.4. The Arbitrator will conduct and moderate the Arbitration Session. The oral presentations and rebuttals of each participant may be made in any form, and by any individual, as desired by such participant. Presentations by fact witnesses and expert witnesses will be permitted. No rules of evidence, including rules of relevance, will apply at the Arbitration Session, except that no witness or participant will be required to disclose privileged communications or the advice and/or work product of an attorney. Witnesses will be required to testify under oath or affirmation.

7.4.5. Following each oral presentation by a participant, the Arbitrator may ask questions of such participant, its counsel or any other persons appearing on its behalf. Following the Arbitrator having the opportunity to ask questions, any other participant or its representatives, including counsel, may ask questions of such participant, its counsel and any other persons appearing on its behalf which relate to the areas inquired about by the Arbitrator.

7.4.6. Each participant will be represented by at least one (1) member of its management at the Arbitration Session who has authority to settle the Dispute. In addition to legal counsel, each participant may have other advisors in attendance at the Arbitration Session, provided that notice is given to all participants and the Arbitrator of the identity of such advisors at least five (5) days before commencement of the Arbitration Session.

#### **SECTION 7.5. Management Negotiations.**

7.5.1. At the conclusion of the rebuttals, the management representatives of each participant will meet one or more times to try to agree on a resolution of the New Restaurant Dispute.

7.5.2. The Arbitrator will control these negotiations. At the discretion of the Arbitrator and with the agreement of the participants, negotiations may proceed in the absence of counsel.

7.5.3. If a settlement is reached, the Arbitrator, or one of the participants at the request of the Arbitrator, will prepare a settlement agreement for execution by the participants. Such settlement agreement will be edited as necessary by all participants until it is mutually acceptable. When a mutually acceptable settlement agreement is completed, each participant will execute and deliver such settlement agreement. Upon the execution and delivery of a settlement agreement, such settlement agreement will be legally binding on the participants and specifically enforceable by any court of competent jurisdiction.

#### **SECTION 7.6. Arbitration Award.**

7.6.1. If the participants do not resolve the New Restaurant Dispute as a result of the negotiations between management representatives as facilitated by the Arbitrator, then the Arbitrator will declare an impasse and render a decision or an award as provided below. The declaring of an impasse is within the sole discretion of the Arbitrator. The decision or award of the Arbitrator will be in writing, dated and signed by

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the Arbitrator and will identify the prevailing participant and the amount of the award, if any, due to the Objecting Franchisee. The Arbitrator will deliver a copy of the decision or award to each participant either personally or by registered or certified mail not later than thirty (30) days after the conclusion of the Arbitration Session.

7.6.2. In rendering its decision or award, the Arbitrator will consider evidence from the participants as to what percentage decrease, if any, in the annual gross sales and profits of the Objecting Franchisee's restaurant was reasonable under the circumstances (the "**Allowable Transfer Factor**"). The participants may agree on an Allowable Transfer Factor to be applied by the Arbitrator in determining an award, if any, below.

7.6.3. The decision or award of the Arbitrator will be one of the following:

- (a) A decision that the New Restaurant has not directly or proximately caused a reduction in the annual gross sales of the Objecting Franchisee's restaurant; or
- (b) A decision that no compensation is due an Objecting Franchisee based on a finding that the Objecting Franchisee has failed to prove that the New Restaurant has directly or proximately caused a reduction in the annual gross sales of the Objecting Franchisee's restaurant in an amount in excess of the Allowable Transfer Factor, if any; or
- (c) A decision that compensation is due the Objecting Franchisee based on a finding that the Objecting Franchisee has proven that the New Restaurant has directly or proximately caused a percentage reduction in the gross sales of the Objecting Franchisee's restaurant in excess of the Allowable Transfer Factor, if any.

7.6.4. If compensation is due the Objecting Franchisee pursuant to Section 7.6.3(c), such compensation will be calculated in the following manner:

- STEP 1: The Arbitrator makes a finding that the New Restaurant directly or proximately caused a decrease in the gross sales of the Objecting Franchisee's restaurant by a certain percentage. Such percentage will relate to operations for the first 12-month period following the opening of the New Restaurant.
- STEP 2: The Arbitrator will subtract the Allowable Transfer Factor, if any, from the percentage determined by the Arbitrator in Step 1 (the "**Gross Percentage**").
- STEP 3: The Arbitrator will multiply the "gross sales" of the Objecting Franchisee's restaurant for the 12-month period immediately preceding the opening of the New Restaurant by the Gross Percentage calculated in Step 2 (the "**Transferred Sales**").
- STEP 4: The Arbitrator will multiply the Transferred Sales calculated in Step 3 by twenty-eight percent (28%) (the "**Reduced Profit**").
- STEP 5: The Arbitrator will multiply the Reduced Profit calculated in Step 4 by the Year Factor.

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7.6.5. The award calculated pursuant to Section 7.6.4 will be paid to the Objecting Franchisee as follows:

- (a) In those instances where the Arbitrator selects a Year Factor equal to one (1), the award will be paid by EPL (if EPL developed the New Restaurant) or by Developer (if Developer, other than EPL, developed the New Restaurant) to the Objecting Franchisee within ten (10) business days following the date of the Arbitrator's award.
- (b) In those instances where the Arbitrator selects a Year Factor that is greater than one (1), EPL (if EPL developed the New Restaurant) or Developer (if Developer, other than EPL, developed the New Restaurant) may elect to pay the award to the Objecting Franchisee within the time period set forth in Section 7.6.5(a) above or in installments, each installment equal to the amount of the award divided by the Year Factor, the Year Factor to represent the number of years over which such award is to be paid. The first installment of the award will be paid within ten (10) business days following the date of the Arbitrator's award. Each subsequent installment will be paid annually within ten (10) business days of the anniversary of the date of the Arbitrator's award. If EPL (if EPL developed the New Restaurant) or Developer (if Developer, other than EPL, developed the New Restaurant) elects to pay the award in installments as provided for in this Section 7.6.5(b), EPL (if EPL developed the New Restaurant) or Developer (if Developer, other than EPL, developed the New Restaurant) shall deliver to Objecting Franchisee a promissory note in the form of Exhibit E. The outstanding balance of such promissory note shall bear interest at an interest rate equal to the prime rate published in the Wall Street Journal on the date the award is granted.
- (c) If Objecting Franchisee has been awarded an Arbitrator's award through development disputes procedures associated with that Objecting Franchisee's franchise agreement which would require the award and/or other payments to be paid by EPL and the New Restaurant is to be developed by a Developer other than EPL, Developer is responsible for, and must indemnify EPL for, the award and all other such payments to the same extent as if the Objecting Franchisee had participated in the ADR Procedures as described herein.

7.6.6. The Arbitrator will provide an explanation for the decision or award and will file the same with EPL and Developer (if other than EPL). Copies of such decisions or awards will be provided to the parties involved in the arbitration.

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7.6.7. Subject only to the provisions of Section 9 of the Federal Arbitration Act specifying the standards for challenging the decision or award of an arbitrator, the decision or award of the Arbitrator will be binding.

7.6.8. The decision or award of the Arbitrator will be confirmed and enforced as an arbitration award in accordance with the law of the appropriate court of competent jurisdiction.

7.6.9. In determining the Gross Percentage Factor and the Year Factor, and in carrying out its analysis as to whether there has been an unreasonable impact resulting from the New Restaurant, the Arbitrator will consider, among other things, the factors, examples and analyses described in Exhibit 6. The parties understand and acknowledge that such factors, examples and analyses are not exclusive and are incorporated to assist the Arbitrator in its determination of the type of factors to be used in establishing the Gross Percentage and the Year Factor.

## **ARTICLE VIII GENERAL MATTERS RELATING TO MEDIATION AND ARBITRATION**

### **SECTION 8.1. Mediators and Arbitrators.**

8.1.1. A panel of mediators and arbitrators will be created by the Dispute Resolution Entity.

Unless otherwise agreed to by the participants to the Mediation or Arbitration Proceedings, no person selected as a mediator or arbitrator will:

- (a) have been an EPL franchisee or a franchisee of any other franchise system;
- (b) have been an officer, director or employee of EPL, any EPL franchisee, the Developer, the Objecting Franchisee, the franchisee or franchisor of another franchise system or of any affiliate of the foregoing; or
- (a) have performed significant professional services for EPL or for one or more EPL franchisees or any such franchisee's affiliates.

8.1.2. If mutually agreeable to the participants, the Arbitrator may be the same individual as the Mediator.

### **SECTION 8.2. Fees and Expenses of Mediation and Arbitration.**

8.2.1. The Mediator's and Arbitrator's fees and other charges will be established at the time of selection.

8.2.2. Unless the participants otherwise agree, or except as provided in the following sentences, fees and expenses of the Mediator and any other expenses of Mediation will be shared equally by the participants. Each participant will bear its own costs, expenses and attorneys' fees in preparing for and participating in Mediation. If an Impact Analysis is conducted that projects that twelve percent (12%) or more of sales

will transfer to the New Restaurant from an Objecting Franchisee's restaurant, and EPL elects to approve the development of the New Restaurant, or if Developer (if other than EPL) agrees to continue to develop the New Restaurant, EPL (or Developer, if other than EPL) will pay all fees and charges of the Mediator and any other expenses of conducting the Mediation, excluding, however, such Objecting Franchisee's expenses and attorneys' fees.

8.2.3. Unless the participants otherwise agree, or except as provided in the following sentences, fees and expenses of the Arbitrator and any other expenses of the Arbitration Proceedings will be shared equally by the participants. Each participant will bear its own costs, expenses and attorneys' fees in preparing for and participating in the Arbitration. Notwithstanding the foregoing, the Arbitrator may, at the Arbitrator's discretion, order the participant deemed by the Arbitrator to be the non-prevailing party to pay all (or a portion of) the costs, attorneys' fees and expenses incurred by the prevailing party in connection with the Arbitration Proceedings.

**SECTION 8.3. Confidentiality.**

8.3.1. The entire Mediation and Arbitration Proceeding will be considered settlement negotiations. Except as otherwise provided in Section 8.3.3 below, all offers, promises, conduct and statements, whether oral or written, made in the course of the Mediation or Arbitration Proceedings by the participants, their agents, employees, experts and attorneys, and by the Mediator or Arbitrator, will be and remain confidential. Such offers, promises, conduct and statements are privileged under any applicable mediation privilege, and will be inadmissible and not discoverable for any purpose, or in any other dispute between the parties or between one of the parties and any other person, including impeachment.

8.3.2. Each of the Mediator and Arbitrator will be disqualified as a witness, consultant, or expert for any participant, and in rendering a decision or award as is hereinafter provided, the Arbitrator's oral and written opinions will be inadmissible for all purposes in this or any other dispute involving the participants or any other person.

8.3.3. Notwithstanding the provisions of Section 8.3.1 and 8.3.2, these ADR Procedures will not be deemed to preclude the disclosure of the terms of any settlement arrived at through Mediation, or the decision or award of the Arbitrator rendered as a result of the Arbitration Session.

**ARTICLE IX  
MISCELLANEOUS**

**SECTION 9.1. Time.** Unless otherwise provided in the ADR Procedures, the time periods provided in the ADR Procedures may be shortened or extended only by mutual written agreement of the participants.

**SECTION 9.2. Miscellaneous Matters.**

9.2.1. These ADR Procedures will become effective on the date set forth on the cover page to these procedures.

9.2.2. These ADR Procedures do not amend any franchise or other agreement to which EPL is a participant, except to the extent that they are incorporated by specific reference into a Franchise Agreement. These ADR Procedures may only be modified in the manner described in such Franchise Agreement. These ADR Procedures will not create any third party beneficiary rights. Subject to Section 9.2.5, below, these ADR Procedures represent the sole procedure and remedy for an Objecting Franchisee and Developer (other than EPL) with respect to any New Restaurant Dispute.

9.2.3. A franchisee that has submitted an Objection Notice will not be denied expansion approval solely because of its objection provided that such franchisee is otherwise fully approved to expand to new EPL locations and such franchisee has formally entered into and remains in compliance with the ADR Procedures, including execution of an Arbitration Agreement and depositing the ADR Deposit with EPL.

9.2.4. These ADR procedures will be governed by and construed in accordance with the laws of the State of California and the Federal Arbitration Act. All notifications and communications required under these ADR procedures shall be in writing and be given pursuant to the notification requirements set forth in the Objecting Franchisee's Franchise Agreement.

9.2.5 To the extent that the Objecting Franchisee may have agreed to terms and procedures for resolving disputes relating to the development of new restaurants that differ from those contained in this Exhibit E, those terms and procedures may control over the terms and procedures of this Exhibit E with respect to the rights and obligations of the participants. (However, if those development disputes procedures require EPL to pay for any impact analysis, mediation agreement payment or arbitration award, Developer agrees to indemnify EPL for any such payment.)

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**EXHIBIT "A"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**SUMMARY REPORT TO OBJECTION NOTICE**

General Instructions

A. Complete a separate form for each existing El Pollo Loco® restaurant (an "**Existing Restaurant**") within the Notification Radius you believe may be unreasonably encroached upon and impacted by the proposed new restaurant site (the "**Target Site**"). "**Notification Radius**" has the meaning specified in Article II of the Procedures for Resolving Disputes Relating to the Development of New Restaurants promulgated by EPL.

B. Attach a street map of the area surrounding the Existing Restaurant and the proposed Target Site (scale of the map should be approximately 1-10 mile or larger).

Specific Information

A. Answer each of the following questions. Answers must be specific and not contain any general or conclusory statements.

1. EXISTING RESTAURANT

El Pollo Loco # \_\_\_\_\_  
Cross Streets \_\_\_\_\_ and \_\_\_\_\_  
Address \_\_\_\_\_

2. PROPOSED SITE

Cross Streets \_\_\_\_\_ and \_\_\_\_\_  
Address \_\_\_\_\_

3. Shortest driving distance and travel time between Existing Restaurant and proposed Target Site

Distance \_\_\_\_\_

Time of Day _____	Minutes _____	Breakfast
Time of Day _____	Minutes _____	Lunch
Time of Day _____	Minutes _____	Dinner

Describe roads driven to obtain above distance and time

\_\_\_\_\_

\_\_\_\_\_

Shortest distance between Existing Restaurant and proposed Target Site "as the crow flies" (straight line)

Distance \_\_\_\_\_

4. From what geographic area do you think the Existing Restaurant currently is drawing customers? Define the trade area and be specific - include street names, radius, distance and traffic generators (i.e., a mall or schools).  

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5. What areas described in #4 do you think the proposed Target Site's trade area will encroach upon? Be specific.  

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6. In your opinion, what is the trade area of the proposed Target Site? Be specific - include street names, radius, distance and traffic generators.  

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7. Which traffic arteries provide the main flow of traffic to the Existing Restaurant? Include street names and directional flow.  

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8. Which main arteries do you think will be providing traffic flow to the proposed Target Site? Include street names and directional flow.  

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9. Are there any natural or manmade barriers which separate the Existing Restaurant from the proposed Target Site? If yes, please describe.  

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10. How would you rate the physical appearance of the Existing Restaurant compared to a new El Pollo Loco® restaurant? Better than, equal to, or not as good as a new facility (choose one). Give reasons for your opinion.  

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11. What is the date of the last remodel at the Existing Restaurant and what was the scope of work? Be specific.  

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12. Does the franchisee currently have any plans to upgrade the Existing Restaurant? If so, what are the proposed upgrades? Be specific, include scope of work and dates.  

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13. What percentage of the Existing Restaurant's sales do you think the proposed Target Site will capture if it is built?  
\_\_\_\_\_  
\_\_\_\_\_
14. Would lunch or dinner be most affected? Why?  
\_\_\_\_\_  
\_\_\_\_\_
15. What marketing activities have taken place at the Existing Restaurant in the past six months other than national promotions? Please be specific. How successful were they?  
\_\_\_\_\_  
\_\_\_\_\_
16. Do you believe the market can support an El Pollo Loco® restaurant at the proposed Target Site if it is owned by the operator of the Existing Restaurant? If so, please explain your reasons.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_ DATE: \_\_\_\_\_, 20\_\_

**EXHIBIT "B"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**ARBITRATION AGREEMENT**

For valuable considerations, the receipt of which each party to this agreement acknowledges, the undersigned agree to resolve the following described dispute by using the Procedures for Resolving Disputes Relating to the Development of New Restaurants (the "**ADR Procedure**") promulgated by El Pollo Loco, Inc.

Nature of Dispute:

The parties agree to forego the filing of any lawsuit or legal action relating to the dispute and agree to be bound by the decision or award of the Dispute Resolution Entity (as defined in the ADR Procedures) under the ADR Procedures.

The rules and provisions of the ADR Procedures are incorporated herein by reference and the parties agree to be bound by same.

DATED this \_\_ day of \_\_\_\_\_, 20\_\_

EL POLLO LOCO, INC.

BY: \_\_\_\_\_

[OBJECTING FRANCHISEE]

BY: \_\_\_\_\_

[DEVELOPER]

BY: \_\_\_\_\_

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Exhibit B to Procedures for Resolving Disputes Relating to the Development of New Restaurants

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**EXHIBIT "C"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**DEMAND PROMISSORY NOTE**

\$ \_\_\_\_\_

FOR VALUE RECEIVED, we, the undersigned ("**Makers**") jointly and severally, promise to pay to the order of EL POLLO LOCO, INC. ("**EPL**"), a Delaware corporation, [INSERT ADDRESS], ON DEMAND, the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_). Until demand for payment is made, this Note shall not accrue interest. Terms not otherwise defined in this Note shall have the meanings specified in the Procedures for Resolving Disputes Relating to the Development of New Restaurants (the "**ADR Procedures**") promulgated by EPL.

The Makers hereby waive presentment, notice, protest and all other notices required or permitted hereunder and by law in connection with the delivery, acceptance, performance, default or enforcement of this Note, and assent to any extension or postponement of the time of payment or of any other indulgence, substitution, exchange or release of collateral, and/or to the addition or release of any other party or person primarily or secondarily liable on this Note.

This Note is being given to evidence the loan by EPL to the Objecting Franchisee pursuant to the ADR Procedures, the terms of which are expressly made a part of this instrument. The Makers hereof acknowledge that payment may be demanded by EPL upon the earlier to occur of: (i) settlement of the New Restaurant Dispute through Mediation or otherwise, (ii) conclusion of the Arbitration Proceedings, or (iii) any default by the Makers of the terms of any Franchise Agreement, or the occurrence of an event of default by which there is a violation of the terms and covenants of any other contractual obligation by the Makers hereof to EPL. The terms, covenants and conditions of agreements between the Makers and EPL are expressly made a part of this instrument.

This Note is payable by mail or in person at the office of EPL or such other place as EPL may designate.

In the event of delinquency in the payment of any principal or interest due on this Note or in the event of any other default under this Note it becomes necessary to retain an attorney for collection or to enforce the terms and conditions hereof, the Makers agree to pay reasonable attorneys' fees, whether suit is brought or not.

The enforceability of the terms of this Note and the legality of the interest rate specified herein shall be interpreted in accordance with and governed by the laws of the State of California. In the event of litigation involving this Note, Makers agree that this Note shall be construed in accordance with California law or the law of any other jurisdiction which has any relationship to the transaction and under whose laws this Note would be enforceable.

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Exhibit C to Procedures for Resolving Disputes Relating to the Development of New Restaurants

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In the event payment in full is not made within thirty (30) days of demand, interest on the unpaid balance shall accrue at the maximum rate allowed by California law, or if no maximum rate relating to this Note is in effect in the State of California, ten (10%) percent per annum.

During the term of this Note, and upon ten (10) days' written request by EPL or any other holder of this Note, each Maker agrees to give EPL or such holder adequate assurances as to such Maker's ability to comply with the terms of this Note. Such assurances shall include, but not be limited to, such Maker's then current financial statement, which EPL or such holder may require be certified by a Certified Public Accountant. Each Maker agrees that EPL or such holder may disclose such financial statements, or any other financial information pertaining to such Maker which EPL or such holder may possess, to any potential buyer, assignee or holder in due course of this Note.

This Note is personal to the Makers and is not assignable. In the event any Maker sells, assigns or transfers its interest in the Franchise Agreement for El Pollo Loco® restaurant #\_\_\_\_\_, the entire principal amount then outstanding on this Note shall immediately become due and payable. This Note is assignable by EPL.

The Makers acknowledge that a default under the terms of this Note shall constitute a default under the terms of the Franchise Agreement between Makers and EPL for Restaurant #\_\_\_\_\_.

[OBJECTING FRANCHISEE]

BY: \_\_\_\_\_

[MAKER]

BY: \_\_\_\_\_

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Exhibit C to Procedures for Resolving Disputes Relating to the Development of New Restaurants

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**EXHIBIT "D"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**ARBITRATOR RETENTION AGREEMENT**

This Arbitrator Retention Agreement is made this \_\_\_ day of \_\_\_\_\_, 20\_\_.

A dispute involving the development of a new restaurant by El Pollo Loco, Inc. has arisen between El Pollo Loco, Inc. ("**EPL**"), [\_\_\_\_\_] ("**Developer**") and \_\_\_\_\_ ("**Objecting Franchisee**"). EPL[, Developer] and Objecting Franchisee have agreed to participate in an alternative dispute resolution procedure pursuant to the "**Procedures For Resolving Disputes Relating to the Development of New Restaurants,**" (the "**ADR Procedures**") a copy of which is annexed hereto. \_\_\_\_\_ ("**Arbitrator**") has been chosen as a neutral arbitrator for the alternative dispute resolution procedures. EPL, [Developer], Objecting Franchisee and the Arbitrator accordingly agree as follows:

1. The Arbitrator agrees to be bound by and to use his best efforts to comply faithfully with the ADR Procedures, including without limitation, the provisions regarding confidentiality.
2. The Arbitrator and the Arbitrator's employees, agents, partners and shareholders, if applicable, shall not be liable for any respective act or omission in connection with the ADR Procedures other than as a result of fraud or an intentional and willful failure to comply with the material provisions of the ADR Procedures after having received written notice of such failure and refusal by the Arbitrator to correct such failure. Exercise of discretion shall not, by itself, result in any liability.
3. The Arbitrator has made a reasonable effort to learn and has disclosed to the parties in writing:
  - (a) All business or professional relationships the Arbitrator has had with the parties or the parties' law firms within the past five (5) years, including all instances in which the Arbitrator has served as an attorney for any party or adverse to any party;
  - (b) Any financial interests the Arbitrator has in any party;
  - (c) Any significant social, business or professional relationship the Arbitrator has had with an officer or employee of any party or with an individual representing any party; and
  - (d) Any other circumstances that may create doubt regarding the Arbitrator's impartiality.
4. Neither the Arbitrator nor the Arbitrator's firm shall undertake any work for or against a party regarding the subject matter of the dispute.

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Exhibit D to Procedures for Resolving Disputes Relating to the Development of New Restaurants

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5. Neither the Arbitrator nor any person assisting the Arbitrator with the ADR Procedures shall personally work on any matter for or against any party or its affiliates regardless of the subject matter, prior to one (1) year following cessation of the Arbitrator's services in this proceeding other than as an arbitrator in this or another proceeding.

6. The Arbitrator's firm may work on matters for or against a party during the pendency of the ADR Procedures if such matters are unrelated to the subject matter of the ADR Procedures, have been disclosed in advance to all parties hereto, are discussed with all of the parties hereto, and are expressly consented to in writing by such parties ("**Unrelated Approved Activities**"). The Arbitrator shall establish appropriate safeguards to ensure that other members or employees of the Arbitrator's firm not working on the ADR Procedures do not have access to any confidential information obtained by the Arbitrator during the course of the ADR Procedures. The Arbitrator hereby represents that there are no Unrelated Approved Activities as of the date hereof.

7. The Arbitrator shall be compensated for services performed in connection with the ADR Procedures in accordance with paragraph 8.2.1 of the ADR Procedures. The Arbitrator's fee shall be taxed as costs and paid as determined by the Arbitrator.

8. Counsel representing each party is as follows:

Counsel for Objecting Franchisee:

\_\_\_\_\_

\_\_\_\_\_

Counsel for EPL:

\_\_\_\_\_

\_\_\_\_\_

Counsel for Developer:

\_\_\_\_\_

\_\_\_\_\_

EL POLLO LOCO, INC.

BY: \_\_\_\_\_

[ARBITRATOR]

BY: \_\_\_\_\_

[OBJECTING FRANCHISEE]

BY: \_\_\_\_\_

[DEVELOPER]

BY: \_\_\_\_\_

**EXHIBIT "E"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, [EPL or name of Developer ("**Developer**"), [whichever is applicable] a \_\_\_\_\_ corporation/limited liability company/limited partnership] [INSERT ADDRESS], promises to pay to the order of \_\_\_\_\_, ("**Franchisee**") the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_) together with interest on the unpaid principal balance hereof. Terms not otherwise defined in this Note shall have the meanings specified in the Procedures for Resolving Disputes Relating to the Development of New Restaurants (the "**ADR Procedures**") promulgated by EPL.

Interest at the rate of \_\_%<sup>1</sup> simple interest per annum shall be payable annually concurrently with the payment of principal required herein.

[EPL/Developer] hereby waives presentment, notice, protest and all other notices required or permitted hereunder and by law in connection with the delivery, acceptance, performance, default or enforcement of this Note and assents to any extension or postponement of the time of payment or of any other indulgence, substitution, exchange or release of collateral, and/or to the addition or release of any other party or person primarily or secondarily liable on this Note.

This Note is being given to evidence [EPL/Developer]'s obligation to Franchisee pursuant to the Arbitrator's award granted under the ADR Procedures. The terms, covenants and conditions of the ADR Procedures and other agreements between Franchisee and [EPL/Developer] are expressly made a part of this instrument.

The principal of this Note shall be repaid in annual installments in accordance with the Principal Repayment Schedule attached hereto as Schedule 1.

This Note may be prepaid in whole or in part by the undersigned at any time, or from time to time, without premium or penalty.

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The enforceability of the terms of this Note and the legality of the interest rate specified herein shall be interpreted in accordance with and governed by the laws of the State of California.

[EL POLLO LOCO, INC., a Delaware corporation] or [Name of Developer, a \_\_\_\_\_ corporation/ limited liability company/limited partnership]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<sup>1</sup> The fixed interest rate will be equal to the prime rate published in the Wall Street Journal for the day on which the award is granted.

**Schedule 1**

<u>Date of Principal Repayment</u>	<u>Amount</u>

**EXHIBIT "F"**  
**TO PROCEDURES FOR RESOLVING DISPUTES**  
**RELATING TO THE DEVELOPMENT OF NEW RESTAURANTS**  
**FACTORS, EXAMPLES AND ANALYSES**  
**FOR DETERMINING GROSS PERCENTAGE AND YEAR FACTOR**

**OVERVIEW:**

There are numerous factors that influence the sales of any EPL Restaurant. It is the Arbitrator’s responsibility under these ADR Procedures to consider all such factors which may be relevant to understanding the negative sales impact experienced by an Existing Site. A few examples of factors other than a new EPL Restaurant which may negatively impact an Existing Site’s sales and therefore must also be considered by the Arbitrator include:

- Declining sales trends at the Existing Site pre-dating the New Restaurant
- Loss of traffic flows street (closures, construction activity, etc.)
- New, non-EPL competition
- Overall economic conditions/recession

A useful hierarchy to understand the various components of the overall impact on an Existing Site, and to isolate the influence of those specific factors to be utilized in determining the award pursuant to Section 7.6.4, is as follows:

A.	Overall Impact on Objecting Franchisee's Existing Site Sales	XX%
B.	Plus or Minus DMA-Wide Trends	+/- X%
C.	Impact Caused Within Existing Site's Trade Area	= XX%
D.	Plus or Minus Factors Other Than New Restaurant	+/- X%
E.	Impact on Existing Site by New Restaurant	= X%
F.	Less Allowable Transfer Factor	- X%
G.	Gross Percentage Factor	= X%

Step I of the following methodology will assist in determining item C above- the impact on the Existing Site's sales that appears to be localized within that restaurant's trade area.

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Step II will assist in identifying how much of this localized impact appears attributable to the New Restaurant in question, rather than other factors within the Existing Site's trade area. This will yield item E above, which is the starting point in the award calculation described at Step 1. of Section 7.6.4.

#### **METHODOLOGY TO ISOLATE IMPACT OF NEW RESTAURANT ON EXISTING SITE'S SALES:**

##### **STEP I:**

Determine how much the sales of the Existing Site have been impacted overall during the first 12 months of operations of the New Restaurant (the "**Post Period**"), and then isolate that portion of the impact attributable to factors within the Existing Site's trade area, by answering the following questions:

1. What has been the % change in the Existing Site's year-over-year sales ("**Y-O-Y Growth Rate**") during the Post Period vs. the prior 12 months (the "**Pre Period**")?
2. How does this Y-O-Y Growth Rate compare to the average experience of other EPL'S in the same county or demographic market area ("**DMA**") over this same period of time?
3. How closely did the Existing Site's Y-O-Y Growth Rate track that of the overall DMA average prior to the opening of the New Restaurant? How consistent has the variation between the two Y-O-Y Growth Rates been, historically?

Example 1: Existing Site's net sales decline 4% during the Post Period vs. the Pre Period. However, the overall average decline of all restaurants in this DMA during the same period is 6%. For the 2 years prior to the Pre Period, the Existing Site's Y-O-Y Growth Rate was 2% greater than the overall DMA average, and this trend was fairly consistent from month to month.

Inference: While not conclusive in itself, this data suggests that the sales decline experienced by the Existing Site during the Post Period is due to factors other than the New Restaurant. In fact, we might have "expected" the Existing Site to decrease by 4% during the Post Period based on its previous trends vs. the overall DMA.

Example 2: All facts the same as Example 1, including a four percent (4%) decline for the Existing Site, except the overall DMA Y-O-Y Growth Rate Post vs. Pre Period is a positive six percent (6%).

Inference: Again, while not conclusive by itself, this data suggests that the Existing Site has experienced a twelve percent (12%) decrease vs. expectation during the Post Period due to localized factors specific to the Existing Site trade area, and not due to DMA-wide variables.

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## STEP II:

If there appears to be an impact on the Existing Site that is due to factors within its trade area, rather than due to broader, DMA-wide trends (Example 2 above), identify all significant factors that may have contributed to this impact in addition to the New Restaurant. These could include but may not be limited to the following:

1. Decline in potential customer traffic in Existing Site's trade area:
  - A. Loss of traffic generators (closure of nearby military base, shopping center Anchor tenant or large employer in trade area).
  - B. Loss of traffic flows (closure of streets, bridges or freeway ramps).
  - C. Newer traffic generators developed in nearby trade areas eclipse traffic generators in Existing Site's trade area.
2. New restaurant competition other than the new EPL in the Existing Site's trade area.
3. Change in the Management Team or deterioration in the quality of operations of the Existing Site.

It may be conversely true that new traffic generators, improvement in traffic flows or the closure of competing restaurants in an Existing Site's trade area, or an improvement in the quality of operations in an Existing Site would have resulted in a positive impact on the Existing Site's sales but for the opening of the New Restaurant.

It may be difficult to separately identify the negative or positive impact of the above factors on an Existing Site's sales from the impact of the New Restaurant. It may be that one can do so only by paying close attention to the dates that each factor became relevant, and tracking the incremental impact of each on the Existing Site's Y-O-Y Growth Rate.

Example 3: Existing Site is in an older shopping center; many of the co-tenants have never remodeled or updated their facilities. New regional "Power Center" with a Walmart, Toys R Us, Home Depot, a 20 Theater Cinema and several new restaurants (but no EPL's) opens 3 miles away. Existing Site's sales drop 8% within one month. Assume overall DMA sales are flat during this period, and no other new variables or any other change in the trade area.

Inference: Many of the Existing Site's customers will be drawn to the traffic generators in the new center, and allocate some of their limited eating out dollars to whatever restaurant choices are available when they are there, since it is convenient. All or a substantial portion of the 8% drop in sales can reasonably be attributed to the new center.

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**Example 4:** Same as Example 3, except that a new EPL Restaurant opens at the new Power Center 6 months after the last anchor tenant opens. Existing Site's sales then decline further, to a 12% overall decline vs. before the Power Center opened, as follows:

<u>Existing Site's Avg. Monthly Sales:</u>	<u>Amount</u>	<u>Cumulative % Change</u>
12 months prior to New Power Center opening	\$83,333	—
First 6 months New Power Center open	\$76,666	(8%)
Next 12 months New Restaurant Open	\$73,333	(12%)

**Inference:** It would appear that the majority of the decline is due to the existence of the new Power Center (8%), and that only about 4% is due to the New Restaurant (= 12%- 8%).

**DISCUSSION RE: YEAR FACTOR:**

The intention of the Year Factor is to recognize that restaurant businesses are often valued based upon a multiple of cash flows. If an Objecting Franchisee suffers a permanent reduction in sales and cash flows in an Existing Site due to unreasonable impact by a New Restaurant, then the business value of the Existing Site has declined by some multiple of the reduction. If the sales reduction is expected to become even greater over time, based upon trends observed during the Post Period, a larger multiple should be selected by the Arbitrator. Conversely, if trends observed during the Post Period or other evidence appear to indicate that the impact of the New Restaurant upon the Existing Site will diminish over time, a relatively smaller multiple should be used.

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Exhibit E to Procedures for Resolving Disputes Relating to the Development of New Restaurants

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**AMENDED AND RESTATED EMPLOYMENT AGREEMENT  
STEPHEN J. SATHER**

AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") dated as of January 13, 2011 by and between El Pollo Loco, Inc. (the "Company") and Stephen J. Sather (the "Executive").

WHEREAS, the Company and Executive entered into that certain Employment Agreement dated as of January 9, 2006 (the "Prior Agreement") pursuant to which Executive serves as the Company's Vice President, Operations;

WHEREAS, the Company desires to employ Executive as the Company's President and Chief Executive Officer and to amend and restate the Prior Agreement in connection with such promotion; and

WHEREAS, Executive is willing to accept such promotion on the terms hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment; Executive Representation.

- (a) Employment Term. Subject to the terms and conditions set forth in this Agreement, the term of Executive's employment under this Agreement shall commence on January 18, 2011 (the "Effective Date") and end on the second anniversary of the Effective Date (the "Employment Term"). Notwithstanding the preceding sentence, commencing on the second anniversary of the Effective Date and on each anniversary thereafter (each an "Extension Date"), the Employment Term shall be automatically extended for an additional one-year period, unless the Company or Executive provides the other party hereto at least sixty (60) days' prior written notice before the next Extension Date that the Employment Term shall not be so extended. For the avoidance of doubt, the term "Employment Term" shall include any extension that becomes applicable pursuant to the preceding sentence. The Employment Term shall terminate upon termination of Executive's employment as set forth in Section 7.
- (b) Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

2. Position.

- (a) During the Employment Term, Executive shall serve as the Company's President and Chief Executive Officer and shall principally perform Executive's duties to the Company and its affiliates from the Company's offices in the Orange County, California metropolitan area, subject to normal and customary travel requirements in the conduct of the Company's business. Executive shall have such authorities, duties and responsibilities as the Board of Directors of the Company (the "Board") may from time to time assign to him and reasonably consistent with those customarily performed by a chief executive officer of a company having a similar size and nature of the Company.
- (b) During the Employment Term, Executive will devote Executive's full business time and best efforts to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation (including in an advisory capacity, consulting capacity, or otherwise) for compensation or otherwise which would conflict with the rendition of such services either directly or indirectly, without the prior written consent of the Board; provided that Executive shall be permitted to participate in such charitable and community-related services as Executive may choose; provided further that in each case, and in the aggregate, such services do not materially interfere with his duties hereunder.

3. Compensation.

- (a) During the Employment Term, the Company shall pay Executive a base salary (the "Base Salary") at the annual rate of \$350,000 (less applicable withholding taxes), payable in regular installments in accordance with the Company's usual payment practices. Executive shall be entitled to such increases in Executive's Base Salary, if any, as may be determined from time to time in the sole discretion of the Board.
- (b) With respect to each full calendar year during the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus") based on the achievement of specified performance goals, which shall be determined by the Board in its sole discretion within ninety (90) days following the commencement of each calendar year, with a targeted bonus equal to seventy-five percent (75%) of Executive's then current Base Salary (the "Target Bonus"). The Annual Bonus, if any, will be paid between January 1 and April 15 of the year following the year to which it relates.
- (c) During the Employment Term, Executive shall continue to receive the automobile allowance and related benefits on the same terms and conditions as Executive was entitled to receive from the Company immediately prior to the date hereof.

4. Equity. During the Employment Term, Executive shall be eligible to participate in the Company's equity-based compensation plan, subject to the terms and conditions thereof.

5. Employee Benefits. During the Employment Term, Executive shall be provided, in accordance with the terms of the Company's employee benefit plans as in effect from time to time, health insurance, retirement benefits and fringe benefits (collectively "Employee Benefits") on the same basis as those benefits are generally made available to other senior executives of the Company. Executive shall be provided with annual vacation of four (4) weeks per each twelve (12) month period or additional weeks on a basis consistent with Company policy.
6. Business Expenses. During the Employment Term, reasonable, documented business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with Company policies.
7. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive will be required to give the Company at least ninety (90) days advance written notice of any resignation of Executive's employment. Notwithstanding any other provision of this Agreement, the provisions of this Section 7 shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.
  - (a) By the Company For Cause or By Executive's Resignation without Good Reason.
    - (i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) or by Executive's resignation without Good Reason (as defined below).
    - (ii) For purposes of this Agreement, "Cause" shall mean action by the Executive that constitutes misconduct, dishonesty, the failure to comply with specific directions of the Board that are consistent with the terms hereof (after having been given a reasonably detailed written notice of, and a period of 20 days to cure, such misconduct or failure), a deliberate and premeditated act by Executive against the Company or its affiliates, Executive's commission of a felony, substance abuse or alcohol abuse which renders the Executive unfit to perform his duties, or any breach of the covenants set forth in Section 8 of this Agreement by Executive. Any voluntary termination of employment by the Executive in anticipation of an involuntary termination of the Executive's employment by the Company for Cause shall be deemed to be a termination for Cause.
    - (iii) If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, Executive shall be entitled to receive:
      - (A) the Base Salary through the date of termination;
      - (B) any Annual Bonus earned but unpaid as of the date of termination for any previously completed calendar year;
      - (C) reimbursement for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to the date of Executive's termination; and

- (D) such Employee Benefits, if any, as to which Executive may be entitled under the employee benefit plans of the Company;
- (E) any additional amounts or benefits due under any applicable plan, program, agreement or arrangement of the Company or its affiliates or pursuant to applicable law (the amounts described in clauses (A) through (E) hereof being referred to as the “Accrued Rights”). The Accrued Rights under this Section 7 shall in all events be paid in accordance with the Company’s normal payroll procedures, expense reimbursement procedures or plan terms, as applicable.

Following such termination of Executive’s employment by the Company for Cause or resignation by Executive without Good Reason, except as set forth in this Section 7(a), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

(b) Disability or Death.

- (i) The Employment Term and Executive’s employment hereunder shall terminate upon Executive’s death or if Executive (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan, or disability plan, covering employees of the Company or an affiliate of the Company (such incapacity is hereinafter referred to as “Disability”).

Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

- (ii) Upon termination of Executive’s employment hereunder for either Disability or death, Executive or Executive’s estate (as the case may be) shall be entitled to receive:
  - (A) the Accrued Rights; and

- (B) the Annual Bonus, if any, that the Executive would have been entitled to receive pursuant to Section 3(b) hereof in respect of the year in which such termination occurs based upon the actual achievement of the performance goals, multiplied by a fraction the numerator of which is the number of days Executive is employed by the Company in such year and the denominator of which is the total number of days in such year, payable when such Annual Bonus would have otherwise been payable in accordance with Section 3(b) had the Executive's employment not terminated (the "Pro-Rata Bonus").

Following Executive's termination of employment due to death or Disability, except as set forth in this Section 7(b), Executive or Executive's estate (as the case may be) shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

(c) By the Company Without Cause or by Executive's Resignation with Good Reason.

- (i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive with Good Reason.
- (ii) For purposes of this Agreement, "Good Reason" shall mean:
  - (A) Executive's relocation by the Company outside Orange County, California;
  - (B) a material diminution of Executive's authority, duties, title or responsibilities as set forth in Section 2(a) hereof;
  - (C) a material reduction of Executive's Base Salary (as increased from time to time) as set forth in Section 3(a) hereof;
  - (D) the failure of the Company to provide or cause to be provided to Executive any of the Employee Benefits described in Section 5 hereof; or
  - (E) a requirement that Executive report to anyone other than the Board; provided that none of the events described in clauses (A) through (E) of this Section 7(c)(ii) shall constitute Good Reason unless Executive shall have notified the Company in writing describing the event which constitutes Good Reason within thirty (30) days of the initial occurrence of such event and then only if the Company shall have failed to cure such event within thirty (30) days after the Company's receipt of such written notice.

- (iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability), or by Executive with Good Reason, Executive shall be entitled to receive:
  - (A) the Accrued Rights;
  - (B) the Pro-Rata Bonus; and
  - (C) subject to Executive's execution of a general release of claims in a form reasonably determined by the Company (the "Release"), the expiration of the applicable revocation period with respect to such Release within sixty (60) days following the date of termination and Executive's continued compliance with the provisions of Section 8 and 9, continued payment of the Base Salary in accordance with the Company's normal payroll practices for a period of twelve (12) months following the date of such termination, which shall commence on the sixtieth (60<sup>th</sup>) day following such termination (with the first payment equal to the cumulative amount that would have been paid in such initial sixty (60) day period); provided that aggregate amount described in this clause (C) shall be in lieu of any other cash severance or termination benefits payable to Executive under any other plans, programs or arrangements of the Company or its affiliates.

Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or by Executive's resignation with Good Reason, except as set forth in this Section 7(c), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

- (d) Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 11(g) hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.

8. Non-Interference/Non-Solicitation. Executive acknowledges and recognizes that in the course of performing services for the Company, Executive will have access to certain confidential and proprietary information of the Company and its affiliates that is extremely valuable to the Company and its affiliates and is not known to the general public. Accordingly, Executive agrees as follows:

- (a) Executive agrees that during the term of employment and until the first anniversary of the date of termination of Executive's employment with the Company or any subsidiary of the Company, as the case may be (the "Restricted Period"), the Executive will not directly or indirectly, use any Company Confidential Information (as defined in Section 9) to interfere with business relationships (whether formed before or after the date of this Agreement) between the Company or any of its affiliates and customers, suppliers, partners, members or investors of the Company or its affiliates.



- (b) Executive further agrees that during the Restricted Period, Executive will not, directly or indirectly, (i) solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates, or (ii) solicit or encourage to cease to work with the Company or its affiliates any consultant then under contract with the Company or its affiliates; provided, however, that general advertising not directed specifically at employees of the Company or any affiliate shall not be deemed to violate this Section 8(b).
- (c) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 8 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that any restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.
9. Confidentiality. Executive will not at any time (whether during or after Executive's employment with the Company) disclose or use for Executive's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Company and any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans, or the business and affairs of the Company generally, or of any subsidiary or affiliate of the Company ("Company Confidential Information"); provided that the foregoing shall not apply to information which is not unique to the Company or which is generally known to the industry or the public other than as a result of Executive's breach of this covenant; provided further that the foregoing shall not apply when Executive is required to divulge, disclose or make accessible such information by a court of competent jurisdiction or an individual duly appointed thereby, by any administrative body or legislative body (including a committee thereof) having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. Executive agrees that upon termination of Executive's employment with the Company for any reason, he will return to the Company immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates and/or containing any Company Confidential Information, except that he may retain personal notes, notebooks and diaries that do not contain Company Confidential Information of the type described in the preceding sentence. Executive further agrees that he will not retain or use for Executive's account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of the Company or its affiliates.

10. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 8 or Section 9 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.
11. Miscellaneous.
- (a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles thereof.
  - (b) Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party, including, without limitation, the Prior Agreement. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.
  - (c) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.
  - (d) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.
  - (e) Assignment. This Agreement shall not be assignable by Executive. This Agreement may be assigned by the Company to a company which is a successor in interest to substantially all of the business operations of the Company. Such assignment shall become effective when the Company notifies the Executive of such assignment or at such later date as may be specified in such notice. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such successor company, provided that any assignee expressly assumes the obligations, rights and privileges of this Agreement.

- (f) Successors Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributes, devises and legatees.
- (g) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

El Pollo Loco, Inc.  
3535 Harbor Boulevard, Suite 100  
Costa Mesa, CA 92626  
Attn: President

With a copy to:

Trimaran Capital Partners  
1325 Avenue of the Americas, 34<sup>th</sup> Floor  
New York, NY 10019  
Attn: Dean Kehler

If to Executive: To the most recent address of Executive set forth in the personnel records of the Company.

- (h) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.
- (i) Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, Executive shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A of the Code until the Executive has incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the

Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following an Executive's separation from service shall instead be paid on the first business day after the date that is six months following the Executive's separation from service (or, if earlier, the Executive's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to Executive under this Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to Executive) during one year may not affect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment.

- (j) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

/s/ Stephen J. Sather

STEPHEN J. SATHER

CHICKEN ACQUISITION CORP.,  
on behalf of its subsidiary:

EL POLLO LOCO, INC.

By: /s/ Dean Kehler

Name: Dean Kehler

Title: Director

**EMPLOYMENT AGREEMENT  
LAURANCE ROBERTS**

EMPLOYMENT AGREEMENT (the "Agreement"), dated as of July 14, 2013, by and between El Pollo Loco, Inc. (the "Company") and Laurance Roberts (the "Executive").

WHEREAS, the Company desires to employ Executive and to enter into an agreement embodying the terms of such employment; and

WHEREAS, Executive is willing to accept employment on the terms hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment; Executive Representation.

a. Employment Term. Subject to the terms and conditions set forth in this Agreement, the term of Executive's employment under this Agreement shall commence on July 15, 2013 (the "Effective Date") and end on the first anniversary of the Effective Date (the "Employment Term"). Notwithstanding the preceding sentence, commencing on the first anniversary of the Effective Date and on each anniversary thereafter (each an "Extension Date"), the Employment Term shall be automatically extended for an additional one-year period, unless the Company or Executive provides the other party hereto at least sixty (60) days prior written notice before the next Extension Date that the Employment Term shall not be so extended. For the avoidance of doubt, the term "Employment Term" shall include any extension that becomes applicable pursuant to the preceding sentence. The Employment Term shall terminate upon termination of Executive's employment as set forth in Section 7.

b. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

2. Position.

a. During the Employment Term, Executive shall serve as the Chief Financial Officer and shall principally perform Executive's duties to the Company and its affiliates from the Company's offices in the Orange County, California metropolitan area, subject to normal and customary travel requirements in the conduct of the Company's business. Executive shall have such authorities, duties and responsibilities as shall be determined from time to time by the Chief Executive Officer of the Company and reasonably consistent with those customarily performed by a chief financial officer, and the Executive shall report directly to the Chief Executive Officer.

b. During the Employment Term, Executive will devote Executive's full business time and best efforts to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation (including in an advisory capacity, consulting capacity, or otherwise) for compensation or otherwise which would conflict with the rendition of such services either directly or indirectly, without the prior written consent of the Board of Directors of the Company (the "Board"); provided that Executive shall be permitted to participate in such charitable and community-related services as Executive may choose; provided further that in each case, and in the aggregate, such services do not materially interfere with his duties hereunder.

### 3. Compensation.

a. During the Employment Term, the Company shall pay Executive a base salary (the "Base Salary") at the annual rate of \$300,000.00 and a \$600.00 per month business transportation allowance (less applicable withholding taxes), payable in regular installments in accordance with the Company's usual payment practices. Executive shall be entitled to such increases in Executive's Base Salary, if any, as may be determined from time to time in the sole discretion of the Board.

b. With respect to each full calendar year during the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus") based on the achievement of specified performance goals, which shall be determined by the Board in its sole discretion within ninety (90) days following the commencement of each calendar year, with a targeted bonus equal to seventy-five percent (75%) of Executive's then current Base Salary (the "Target Bonus"). The Annual Bonus, if any, will be paid between January 1 and April 15 of the year following the year to which it relates.

c. Executive shall be entitled to a one-time relocation assistance provided by the Company, up to \$150,000.00 to include temporary housing, moving of personal household goods and related costs associated with the sale of Executive's personal residence. The amounts paid to Executive, or to others on behalf of Executive, for moving and relocation expenses ("relocation amount") shall be considered conditional payments until Executive has completed 12 months of employment. In the event that Executive voluntarily terminates his employment before 12 months of service, Executive will be responsible for 100% repayment of the relocation amount.

d. During the Employment Term, Executive shall continue to receive the business transportation allowance and related benefits on the same terms and conditions as Executive was entitled to receive from the Company immediately prior to the date hereof.

4. Equity. During the Employment Term, Executive shall be eligible to participate in the Company's equity-based compensation plan, subject to the terms and conditions thereof.

5. Employee Benefits. During the Employment Term, Executive shall be provided, in accordance with the terms of the Company's employee benefit plans as in effect from time to time, health insurance, retirement benefits and fringe benefits (collectively "Employee Benefits") on the same basis as those benefits are generally made available to other senior executives of the Company. Executive shall be provided with annual vacation of four (4) weeks per each 12-month period or additional weeks on a basis consistent with Company policy.

6. Business Expenses. During the Employment Term, reasonable, documented business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with Company policies.

7. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive will be required to give the Company at least ninety (90) days advance written notice of any resignation of Executive's employment. Notwithstanding any other provision of this Agreement, the provisions of this Section 7 shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.

a. By the Company For Cause or By Executive's Resignation without Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) or by Executive's resignation without Good Reason (as defined below).

(ii) For purposes of this Agreement, "Cause" shall mean action by the Executive that constitutes misconduct, dishonesty, the failure to comply with specific directions of the Board that are consistent with the terms hereof (after having been given a reasonably detailed written notice of, and a period of 20 days to cure, such misconduct or failure), a deliberate and premeditated act against the Company or its affiliates, Executive's commission of a felony, substance abuse or alcohol abuse which renders the Executive unfit to perform his duties, or any breach of the covenants set forth in Section 8 of this Agreement. Any voluntary termination of employment by the Executive in anticipation of an involuntary termination of the Executive's employment for Cause shall be deemed to be a termination for Cause.

(iii) If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, Executive shall be entitled to receive:

(A) the Base Salary through the date of termination;

(B) any Annual Bonus earned but unpaid as of the date of termination for any previously completed calendar year;

(C) reimbursement for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to the date of Executive's termination; and

(D) such Employee Benefits, if any, as to which Executive may be entitled under the employee benefit plans of the Company;

(E) any additional amounts or benefits due under any applicable plan, program, agreement or arrangement of the Company or its affiliates or pursuant to applicable law (the amounts described in clauses (A) through (E) hereof being referred to as the "Accrued Rights"). The Accrued Rights under this Section 7 shall in all events be paid in accordance with the Company's normal payroll procedures, expense reimbursement procedures or plan terms, as applicable.



Following such termination of Executive's employment by the Company for Cause or resignation by Executive without Good Reason, except as set forth in this Section 7(a), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

b. Disability or Death.

(i) The Employment Term and Executive's employment hereunder shall terminate upon Executive's death and if Executive (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan, or disability plan, covering employees of the Company or an affiliate of the company (such incapacity is hereinafter referred to as "Disability").

Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be) shall be entitled to receive:

- (A) the Accrued Rights; and
- (B) the Annual Bonus that the Executive would have been entitled to receive pursuant to Section 3(b) hereof in respect of the year in which such termination occurs based upon the actual achievement of the performance goals, multiplied by a fraction the numerator of which is the number of days Executive is employed by the Company in such year, payable when such Annual Bonus would have otherwise been payable in accordance with Section 3(b) had the Executive's employment not terminated (the "Pro-Rata Bonus").

Following Executive's termination of employment due to death or Disability, except as set forth in this Section 7(b), Executive or Executive's estate (as the case may be) shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

c. By the Company Without Cause or by Executive's Resignation with Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive with Good Reason.

(ii) For purposes of this Agreement, "Good Reason" shall mean:

(A) Executive's relocation by the Company outside Orange County, California;

(B) a material diminution of Executive's authority, duties, title or responsibilities as set forth in Section 2(a) hereof;

(C) a material reduction of Executive's Base Salary (as increased from time to time) as set forth in Section 3(a) hereof; or

(D) the failure of the Company to provide or cause to be provided to Executive any of the Employee Benefits described in Section 5 hereof; or

(E) a requirement that Executive report to anyone other than the Chief Executive Officer; provided that none of the events described in clauses (A) through (E) of this Section 7(c)(ii) shall constitute Good Reason unless Executive shall have notified the Company in writing describing the event which constitutes Good Reason within thirty (30) of the initial occurrence of such event and then only if the Company shall have failed to cure such event within thirty (30) days after the Company's receipt of such written notice.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability), or by Executive with Good Reason, Executive shall be entitled to receive:

(A) the Accrued Rights;

(B) the Pro-Rata Bonus; and

(C) subject to Executive's execution of a general release of claims in a form reasonably determined by the Company (the "Release"), the expiration of the applicable revocation period with respect to such Release within sixty (60) days following the date of termination and Executive's continued compliance with the provisions of Sections 8 and 9, continued payment of the Base Salary in accordance with the Company's normal payroll practices for a period of twelve (12) months following the date of such termination, which shall commence on the sixtieth (60<sup>th</sup>) day following such termination (with the first payment equal to the cumulative amount that would have been paid in such initial sixty (60) day period); provided that aggregate amount described in the clause (C) shall be in lieu of any other cash severance or termination benefits payable to Executive under any other plans, programs or arrangements of the Company or its affiliates.

Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or by Executive's resignation with Good Reason, except as set forth in this Section 7(c), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

d. Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 11(g) hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.

8. Non-Interference/Non-Solicitation. Executive acknowledges and recognizes that in the course of performing services for the Company, Executive will have access to certain confidential and proprietary information of the Company and its affiliates that is extremely valuable to the Company and its affiliates and is not known to the general public. Accordingly, Executive agrees as follows:

a. Executive agrees that during the term of employment and until the first anniversary of the date of termination of Executive's employment with the Company or any subsidiary of the Company, as the case may be (the "Restricted Period"), the Executive will not directly or indirectly, use any Company Confidential Information (as defined in Section 9) to interfere with business relationships (whether formed before or after the date of this Agreement) between the Company or any of its affiliates and customers, suppliers, partners, members or investors of the Company or its affiliates.

b. Executive further agrees that during the Restricted Period, Executive will not, directly or indirectly, (i) solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates, (ii) solicit or encourage to cease to work with the Company or its affiliates any consultant then under contract with the Company or its affiliates; provided, however, that general advertising not directed specifically at employees of the Company or any affiliate shall not be deemed to violate this Section 8(b).

c. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 8 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that any restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

9. Confidentiality. Executive will not at any time (whether during or after Executive's employment with the Company) disclose or use for Executive's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation

or other business organization, entity or enterprise other than the Company and any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans, or the business and affairs of the Company generally, or of any subsidiary or affiliate of the Company ("Company Confidential Information"), provided that the foregoing shall not apply to information which is not unique to the Company or which is generally known to the industry or the public other than as a result of Executive's breach of this covenant; provided further that the foregoing shall not apply when Executive is required to divulge, disclose or make accessible such information by a court of competent jurisdiction or an individual duly appointed thereby, by any administrative body or legislative body (including a committee thereof) having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. Executive agrees that upon termination of Executive's employment with the Company for any reason, he will return to the Company immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, except that he may retain personal notes, notebooks and diaries that do not contain Company Confidential Information of the type described in the preceding sentence. Executive further agrees that he will not retain or use for Executive's account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of the Company or its affiliates.

10. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 8 or Section 9 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

11. Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles thereof.

b. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

c. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. Assignment. This Agreement shall not be assignable by Executive. This Agreement may be assigned by the Company to a company which is a successor in interest to substantially all of the business operations of the Company. Such assignment shall become effective when the Company notifies the Executive of such assignment or at such later date as may be specified in such notice. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such successor company, provided that any assignee expressly assumes the obligations, rights and privileges of this Agreement.

f. Successors Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

g. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

El Pollo Loco, Inc.  
3535 Harbor Boulevard  
Suite 100  
Costa Mesa, CA 92626  
Attn: President

With a copy to:

Trimaran Capital Partners  
1325 Avenue of the Americas, 34<sup>th</sup> Floor  
New York, NY 10019  
Attn: Dean Kehler

If to Executive: To the most recent address of Executive set forth in the personnel records of the Company.

h. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

i. Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, Executive shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A of the Code until the Executive has incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following an Executive's separation from service shall instead be paid on the first business day after the date that is six months following the Executive's separation from service (or, if earlier, the Executive's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Executive under the Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to Executive) during one year may not affect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code from applying to any such payment.

j. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

/s/ Laurance Roberts

LAURANCE ROBERTS

EL POLLO LOCO, INC.

By: /s/ Stephen J. Sather

Name: Stephen J. Sather

Title: President

**EMPLOYMENT AGREEMENT  
KAY BOGEAJIS**

EMPLOYMENT AGREEMENT (the "Agreement"), dated as of July 14, 2013, by and between El Pollo Loco, Inc. (the "Company") and Kay Bogeajis (the "Executive").

WHEREAS, the Company desires to employ Executive and to enter into an agreement embodying the terms of such employment; and

WHEREAS, Executive is willing to accept employment on the terms hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment; Executive Representation.

a. Employment Term. Subject to the terms and conditions set forth in this Agreement, the term of Executive's employment under this Agreement shall commence on August 5, 2013 (the "Effective Date") and end on the first anniversary of the Effective Date (the "Employment Term"). Notwithstanding the preceding sentence, commencing on the first anniversary of the Effective Date and on each anniversary thereafter (each an "Extension Date"), the Employment Term shall be automatically extended for an additional one-year period, unless the Company or Executive provides the other party hereto at least sixty (60) days prior written notice before the next Extension Date that the Employment Term shall not be so extended. For the avoidance of doubt, the term "Employment Term" shall include any extension that becomes applicable pursuant to the preceding sentence. The Employment Term shall terminate upon termination of Executive's employment as set forth in Section 7.

b. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

2. Position.

a. During the Employment Term, Executive shall serve as the Chief Operations Officer and shall principally perform Executive's duties to the Company and its affiliates from the Company's offices in the Orange County, California metropolitan area, subject to normal and customary travel requirements in the conduct of the Company's business. Executive shall have such authorities, duties and responsibilities as shall be determined from time to time by the Chief Executive Officer of the Company and reasonably consistent with those customarily performed by a chief operations officer, and the Executive shall report directly to the Chief Executive Officer.



b. During the Employment Term, Executive will devote Executive's full business time and best efforts to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation (including in an advisory capacity, consulting capacity, or otherwise) for compensation or otherwise which would conflict with the rendition of such services either directly or indirectly, without the prior written consent of the Board of Directors of the Company (the "Board"); provided that Executive shall be permitted to participate in such charitable and community-related services as Executive may choose; provided further that in each case, and in the aggregate, such services do not materially interfere with his duties hereunder.

3. Compensation.

a. During the Employment Term, the Company shall pay Executive a base salary (the "Base Salary") at the annual rate of \$275,000.00 and a \$600.00 per month business transportation allowance (less applicable withholding taxes), payable in regular installments in accordance with the Company's usual payment practices. Executive shall be entitled to such increases in Executive's Base Salary, if any, as may be determined from time to time in the sole discretion of the Board.

b. With respect to each full calendar year during the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus") based on the achievement of specified performance goals, which shall be determined by the Board in its sole discretion within ninety (90) days following the commencement of each calendar year, with a targeted bonus equal to seventy-five percent (75%) of Executive's then current Base Salary (the "Target Bonus"). The Annual Bonus, if any, will be paid between January 1 and April 15 of the year following the year to which it relates.

c. During the Employment Term, Executive shall continue to receive the business transportation allowance and related benefits on the same terms and conditions as Executive was entitled to receive from the Company immediately prior to the date hereof.

4. Equity. During the Employment Term, Executive shall be eligible to participate in the Company's equity-based compensation plan, subject to the terms and conditions thereof.

5. Employee Benefits. During the Employment Term, Executive shall be provided, in accordance with the terms of the Company's employee benefit plans as in effect from time to time, health insurance, retirement benefits and fringe benefits (collectively "Employee Benefits") on the same basis as those benefits are generally made available to other senior executives of the Company. Executive shall be provided with annual vacation of four (4) weeks per each 12-month period or additional weeks on a basis consistent with Company policy.

6. Business Expenses. During the Employment Term, reasonable, documented business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with Company policies.

7. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive will be required to give the Company at least ninety (90) days advance written notice of any resignation of Executive's employment. Notwithstanding any other provision of this Agreement, the provisions of this Section 7 shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.

a. By the Company For Cause or By Executive's Resignation without Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) or by Executive's resignation without Good Reason (as defined below).

(ii) For purposes of this Agreement, "Cause" shall mean action by the Executive that constitutes misconduct, dishonesty, the failure to comply with specific directions of the Board that are consistent with the terms hereof (after having been given a reasonably detailed written notice of, and a period of 20 days to cure, such misconduct or failure), a deliberate and premeditated act against the Company or its affiliates, Executive's commission of a felony, substance abuse or alcohol abuse which renders the Executive unfit to perform his duties, or any breach of the covenants set forth in Section 8 of this Agreement. Any voluntary termination of employment by the Executive in anticipation of an involuntary termination of the Executive's employment for Cause shall be deemed to be a termination for Cause.

(iii) If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, Executive shall be entitled to receive:

(A) the Base Salary through the date of termination;

(B) any Annual Bonus earned but unpaid as of the date of termination for any previously completed calendar year;

(C) reimbursement for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to the date of Executive's termination; and

(D) such Employee Benefits, if any, as to which Executive may be entitled under the employee benefit plans of the Company;

(E) any additional amounts or benefits due under any applicable plan, program, agreement or arrangement of the Company or its affiliates or pursuant to applicable law (the amounts described in clauses (A) through (E) hereof being referred to as the "Accrued Rights"). The Accrued Rights under this Section 7 shall in all events be paid in accordance with the Company's normal payroll procedures, expense reimbursement procedures or plan terms, as applicable.

Following such termination of Executive's employment by the Company for Cause or resignation by Executive without Good Reason, except as set forth in this Section 7(a), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

b. Disability or Death.

(i) The Employment Term and Executive's employment hereunder shall terminate upon Executive's death and if Executive (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan, or disability plan, covering employees of the Company or an affiliate of the company (such incapacity is hereinafter referred to as "Disability").

Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be) shall be entitled to receive:

- (A) the Accrued Rights; and
- (B) the Annual Bonus that the Executive would have been entitled to receive pursuant to Section 3(b) hereof in respect of the year in which such termination occurs based upon the actual achievement of the performance goals, multiplied by a fraction the numerator of which is the number of days Executive is employed by the Company in such year, payable when such Annual Bonus would have otherwise been payable in accordance with Section 3(b) had the Executive's employment not terminated (the "Pro-Rata Bonus").

Following Executive's termination of employment due to death or Disability, except as set forth in this Section 7(b), Executive or Executive's estate (as the case may be) shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

c. By the Company Without Cause or by Executive's Resignation with Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive with Good Reason.

(ii) For purposes of this Agreement, "Good Reason" shall mean:

- (A) Executive's relocation by the Company outside Orange County, California;
- (B) a material diminution of Executive's authority, duties, title or responsibilities as set forth in Section 2(a) hereof;
- (C) a material reduction of Executive's Base Salary (as increased from time to time) as set forth in Section 3(a) hereof; or
- (D) the failure of the Company to provide or cause to be provided to Executive any of the Employee Benefits described in Section 5 hereof; or
- (E) a requirement that Executive report to anyone other than the Chief Executive Officer; provided that none of the events described in clauses (A) through (E) of this Section 7(c)(ii) shall constitute Good Reason unless Executive shall have notified the Company in writing describing the event which constitutes Good Reason within thirty (30) of the initial occurrence of such event and then only if the Company shall have failed to cure such event within thirty (30) days after the Company's receipt of such written notice.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability), or by Executive with Good Reason, Executive shall be entitled to receive:

- (A) the Accrued Rights;
- (B) the Pro-Rata Bonus; and

(C) subject to Executive's execution of a general release of claims in a form reasonably determined by the Company (the "Release"), the expiration of the applicable revocation period with respect to such Release within sixty (60) days following the date of termination and Executive's continued compliance with the provisions of Sections 8 and 9, continued payment of the Base Salary in accordance with the Company's normal payroll practices for a period of twelve (12) months following the date of such termination, which shall commence on the sixtieth (60<sup>th</sup>) day following such termination (with the first payment equal to the cumulative amount that would have been paid in such initial sixty (60) day period); provided that aggregate amount described in the clause (C) shall be in lieu of any other cash severance or termination benefits payable to Executive under any other plans, programs or arrangements of the Company or its affiliates.

Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or by Executive's resignation with Good Reason, except as set forth in this Section 7(c), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

d. Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 11(g) hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.

8. Non-Interference/Non-Solicitation. Executive acknowledges and recognizes that in the course of performing services for the Company, Executive will have access to certain confidential and proprietary information of the Company and its affiliates that is extremely valuable to the Company and its affiliates and is not known to the general public. Accordingly, Executive agrees as follows:

a. Executive agrees that during the term of employment and until the first anniversary of the date of termination of Executive's employment with the Company or any subsidiary of the Company, as the case may be (the "Restricted Period"), the Executive will not directly or indirectly, use any Company Confidential Information (as defined in Section 9) to interfere with business relationships (whether formed before or after the date of this Agreement) between the Company or any of its affiliates and customers, suppliers, partners, members or investors of the Company or its affiliates.

b. Executive further agrees that during the Restricted Period, Executive will not, directly or indirectly, (i) solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates, (ii) solicit or encourage to cease to work with the Company or its affiliates any consultant then under contract with the Company or its affiliates; provided, however, that general advertising not directed specifically at employees of the Company or any affiliate shall not be deemed to violate this Section 8(b).

c. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 8 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that any restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

9. Confidentiality. Executive will not at any time (whether during or after Executive's employment with the Company) disclose or use for Executive's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Company and any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans, or the business and affairs of the Company generally, or of any subsidiary or affiliate of the Company ("Company Confidential Information"), provided that the foregoing shall not apply

to information which is not unique to the Company or which is generally known to the industry or the public other than as a result of Executive's breach of this covenant; provided further that the foregoing shall not apply when Executive is required to divulge, disclose or make accessible such information by a court of competent jurisdiction or an individual duly appointed thereby, by any administrative body or legislative body (including a committee thereof) having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. Executive agrees that upon termination of Executive's employment with the Company for any reason, he will return to the Company immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, except that he may retain personal notes, notebooks and diaries that do not contain Company Confidential Information of the type described in the preceding sentence. Executive further agrees that he will not retain or use for Executive's account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of the Company or its affiliates.

10. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 8 or Section 9 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

11. Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles thereof.

b. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

c. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. Assignment. This Agreement shall not be assignable by Executive. This Agreement may be assigned by the Company to a company which is a successor in interest to substantially all of the business operations of the Company. Such assignment shall become effective when the Company notifies the Executive of such assignment or at such later date as may be specified in such notice. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such successor company, provided that any assignee expressly assumes the obligations, rights and privileges of this Agreement.

f. Successors Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees.

g. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

El Pollo Loco, Inc.  
3535 Harbor Boulevard  
Suite 100  
Costa Mesa, CA 92626  
Attn: President

With a copy to:

Trimaran Capital Partners  
1325 Avenue of the Americas, 34<sup>th</sup> Floor  
New York, NY 10019  
Attn: Dean Kehler

If to Executive: To the most recent address of Executive set forth in the personnel records of the Company.

h. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

i. Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, Executive shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A of the Code until the Executive has incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following an Executive's separation from service shall instead be paid on the first business day after the date that is six months following the Executive's separation from service (or, if earlier, the Executive's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Executive under the Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to Executive) during one year may not affect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code from applying to any such payment.

j. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

/s/ Kay Bogeajis

KAY BOGEAJIS

EL POLLO LOCO, INC.

By: /s/ Stephen J. Sather

Name: Stephen J. Sather

Title: President



**EMPLOYMENT AGREEMENT  
EDWARD VALLE**

EMPLOYMENT AGREEMENT (the "Agreement"), dated as of October 24, 2011, by and between El Pollo Loco, Inc. (the "Company") and Edward Valle (the "Executive").

WHEREAS, the Company desires to employ Executive and to enter into an agreement embodying the terms of such employment; and

WHEREAS, Executive is willing to accept employment on the terms hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment; Executive Representation.

a. Employment Term. Subject to the terms and conditions set forth in this Agreement, the term of Executive's employment under this Agreement shall commence on October 24, 2011 (the "Effective Date") and end on the first anniversary of the Effective Date (the "Employment Term"). Notwithstanding the preceding sentence, commencing on the first anniversary of the Effective Date and on each anniversary thereafter (each an "Extension Date"), the Employment Term shall be automatically extended for an additional one-year period, unless the Company or Executive provides the other party hereto at least sixty (60) days prior written notice before the next Extension Date that the Employment Term shall not be so extended. For the avoidance of doubt, the term "Employment Term" shall include any extension that becomes applicable pursuant to the preceding sentence. The Employment Term shall terminate upon termination of Executive's employment as set forth in Section 7.

b. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

2. Position.

a. During the Employment Term, Executive shall serve as the Chief Marketing Officer and shall principally perform Executive's duties to the Company and its affiliates from the Company's offices in the Orange County, California metropolitan area, subject to normal and customary travel requirements in the conduct of the Company's business. Executive shall have such authorities, duties and responsibilities as shall be determined from time to time by the Chief Executive Officer of the Company and reasonably consistent with those customarily performed by a chief marketing officer, and the Executive shall report directly to the Chief Executive Officer.

b. During the Employment Term, Executive will devote Executive's full business time and best efforts to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation (including in an advisory capacity, consulting capacity, or otherwise) for compensation or otherwise which would conflict with the rendition of such services either directly or indirectly, without the prior written consent of the Board of Directors of the Company (the "Board"); provided that Executive shall be permitted to participate in such charitable and community-related services as Executive may choose; provided further that in each case, and in the aggregate, such services do not materially interfere with his duties hereunder.

### 3. Compensation.

a. During the Employment Term, the Company shall pay Executive a base salary (the "Base Salary") at the annual rate of \$250,000.00 (less applicable withholding taxes), payable in regular installments in accordance with the Company's usual payment practices. Executive shall be entitled to such increases in Executive's Base Salary, if any, as may be determined from time to time in the sole discretion of the Board.

b. During the Employment Term, and in connection with the performance of Executive's duties hereunder, Executive shall be entitled to a business transportation allowance of \$600.00 per month, less applicable withholding taxes. Executive shall also be entitled to a Company-paid credit card with which Executive may make gasoline purchases relating to his business travel. The transportation allowance shall be payable in accordance with the Company's policies and usual payment practices.

c. With respect to each full calendar year during the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus") based on the achievement of specified performance goals, which shall be determined by the Board in its sole discretion within ninety (90) days following the commencement of each calendar year, with a targeted bonus equal to seventy-five percent (75%) of Executive's then current Base Salary (the "Target Bonus"). The Annual Bonus, if any, will be paid between January 1 and April 15 of the year following the year to which it relates.

d. Executive shall be entitled to a one-time reimbursement for documented and reasonable moving and relocation expenses (the "Relocation Amount") consisting of up to \$40,000.00 to cover temporary housing and moving of personal household goods. The Relocation Amount paid to Executive, or to others on behalf of Executive, shall be considered a conditional payment until Executive has completed 12 months of employment. In the event that Executive voluntarily terminates his employment before 12 months of service, Executive will be responsible for 100% repayment of the Relocation Amount. In all events, no payment shall be made hereunder unless Executive is then employed by the Company.

4. Equity. During the Employment Term, Executive shall be eligible to participate in the Company's equity-based compensation plan, subject to the terms and conditions thereof.

5. Employee Benefits. During the Employment Term, Executive shall be provided, in accordance with the terms of the Company's employee benefit plans as in effect from time to time, health insurance, retirement benefits and fringe benefits (collectively "Employee Benefits") on the same basis as those benefits are generally made available to other senior executives of the Company. Executive shall be provided with annual vacation of three (3) weeks per each 12-month period or additional weeks on a basis consistent with Company policy.

6. Business Expenses. During the Employment Term, reasonable, documented business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with Company policies.

7. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive will be required to give the Company at least ninety (90) days advance written notice of any resignation of Executive's employment. Notwithstanding any other provision of this Agreement, the provisions of this Section 7 shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.

a. By the Company For Cause or By Executive's Resignation without Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) or by Executive's resignation without Good Reason (as defined below).

(ii) For purposes of this Agreement, "Cause" shall mean action by the Executive that constitutes misconduct, dishonesty, the failure to comply with specific directions of the Board that are consistent with the terms hereof (after having been given a reasonably detailed written notice of, and a period of 20 days to cure, such misconduct or failure), a deliberate and premeditated act against the Company or its affiliates, Executive's commission of a felony, substance abuse or alcohol abuse which renders the Executive unfit to perform his duties, or any breach of the covenants set forth in Section 8 of this Agreement. Any voluntary termination of employment by the Executive in anticipation of an involuntary termination of the Executive's employment for Cause shall be deemed to be a termination for Cause.

(iii) If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, Executive shall be entitled to receive:

(A) the Base Salary through the date of termination;

(B) any Annual Bonus earned but unpaid as of the date of termination for any previously completed calendar year;

(C) reimbursement for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to the date of Executive's termination; and

(D) such Employee Benefits, if any, as to which Executive may be entitled under the employee benefit plans of the Company;

(E) any additional amounts or benefits due under any applicable plan, program, agreement or arrangement of the Company or its affiliates or pursuant to applicable law (the amounts described in clauses (A) through (E) hereof being referred to as the "Accrued Rights"). The Accrued Rights under this Section 7 shall in all events be paid in accordance with the Company's normal payroll procedures, expense reimbursement procedures or plan terms, as applicable.

Following such termination of Executive's employment by the Company for Cause or resignation by Executive without Good Reason, except as set forth in this Section 7(a), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

b. Disability or Death.

(i) The Employment Term and Executive's employment hereunder shall terminate upon Executive's death and if Executive (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan, or disability plan, covering employees of the Company or an affiliate of the company (such incapacity is hereinafter referred to as "Disability").

Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be) shall be entitled to receive:

- (A) the Accrued Rights; and
- (B) the Annual Bonus that the Executive would have been entitled to receive pursuant to Section 3(b) hereof in respect of the year in which such termination occurs based upon the actual achievement of the performance goals, multiplied by a fraction the numerator of which is the number of days Executive is employed by the Company in such year, payable when such Annual Bonus would have otherwise been payable in accordance with Section 3(b) had the Executive's employment not terminated (the "Pro-Rata Bonus").

Following Executive's termination of employment due to death or Disability, except as set forth in this Section 7(b), Executive or Executive's estate (as the case may be) shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

c. By the Company Without Cause or by Executive's Resignation with Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive with Good Reason.

(ii) For purposes of this Agreement, "Good Reason" shall mean:

(A) Executive's relocation by the Company outside Orange County, California;

(B) a material diminution of Executive's authority, duties, title or responsibilities as set forth in Section 2(a) hereof;

(C) a material reduction of Executive's Base Salary (as increased from time to time) as set forth in Section 3(a) hereof; or

(D) the failure of the Company to provide or cause to be provided to Executive any of the Employee Benefits described in Section 5 hereof;  
or

(E) a requirement that Executive report to anyone other than the Chief Executive Officer; provided that none of the events described in clauses (A) through (E) of this Section 7(c)(ii) shall constitute Good Reason unless Executive shall have notified the Company in writing describing the event which constitutes Good Reason within thirty (30) of the initial occurrence of such event and then only if the Company shall have failed to cure such event within thirty (30) days after the Company's receipt of such written notice.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability), or by Executive with Good Reason, Executive shall be entitled to receive:

(A) the Accrued Rights;

(B) the Pro-Rata Bonus; and

(C) subject to Executive's execution of a general release of claims in a form reasonably determined by the Company (the "Release"), the expiration of the applicable revocation period with respect to such Release within sixty (60) days following the date of termination and Executive's continued compliance with the provisions of Sections 8 and 9, continued payment of the Base Salary in accordance with the Company's normal payroll practices for a period of twelve

(12) months following the date of such termination, which shall commence on the sixtieth (60<sup>th</sup>) day following such termination (with the first payment equal to the cumulative amount that would have been paid in such initial sixty (60) day period); provided that aggregate amount described in the clause (C) shall be in lieu of any other cash severance or termination benefits payable to Executive under any other plans, programs or arrangements of the Company or its affiliates.

Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or by Executive's resignation with Good Reason, except as set forth in this Section 7(c), Executive shall have no further rights to any contract damages, other compensation or any other benefits under this Agreement.

d. Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 11(g) hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.

8. Non-Interference/Non-Solicitation. Executive acknowledges and recognizes that in the course of performing services for the Company, Executive will have access to certain confidential and proprietary information of the Company and its affiliates that is extremely valuable to the Company and its affiliates and is not known to the general public. Accordingly, Executive agrees as follows:

a. Executive agrees that during the term of employment and until the first anniversary of the date of termination of Executive's employment with the Company or any subsidiary of the Company, as the case may be (the "Restricted Period"), the Executive will not directly or indirectly, use any Company Confidential Information (as defined in Section 9) to interfere with business relationships (whether formed before or after the date of this Agreement) between the Company or any of its affiliates and customers, suppliers, partners, members or investors of the Company or its affiliates.

b. Executive further agrees that during the Restricted Period, Executive will not, directly or indirectly, (i) solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates, (ii) solicit or encourage to cease to work with the Company or its affiliates any consultant then under contract with the Company or its affiliates; provided, however, that general advertising not directed specifically at employees of the Company or any affiliate shall not be deemed to violate this Section 8(b).

c. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 8 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that any restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be

enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

9. Confidentiality. Executive will not at any time (whether during or after Executive's employment with the Company) disclose or use for Executive's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Company and any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans, or the business and affairs of the Company generally, or of any subsidiary or affiliate of the Company ("Company Confidential Information"), provided that the foregoing shall not apply to information which is not unique to the Company or which is generally known to the industry or the public other than as a result of Executive's breach of this covenant; provided further that the foregoing shall not apply when Executive is required to divulge, disclose or make accessible such information by a court of competent jurisdiction or an individual duly appointed thereby, by any administrative body or legislative body (including a committee thereof) having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. Executive agrees that upon termination of Executive's employment with the Company for any reason, he will return to the Company immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, except that he may retain personal notes, notebooks and diaries that do not contain Company Confidential Information of the type described in the preceding sentence. Executive further agrees that he will not retain or use for Executive's account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of the Company or its affiliates.

10. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 8 or Section 9 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

11. Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles thereof.

b. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between

the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

c. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. Assignment. This Agreement shall not be assignable by Executive. This Agreement may be assigned by the Company to a company which is a successor in interest to substantially all of the business operations of the Company. Such assignment shall become effective when the Company notifies the Executive of such assignment or at such later date as may be specified in such notice. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such successor company, provided that any assignee expressly assumes the obligations, rights and privileges of this Agreement.

f. Successors Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees.

g. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

El Pollo Loco, Inc.  
3535 Harbor Boulevard  
Suite 100  
Costa Mesa, CA 92626  
Attn: President

With a copy to:

Trimaran Capital Partners  
1325 Avenue of the Americas, 34<sup>th</sup> Floor  
New York, NY 10019  
Attn: Dean Kehler



If to Executive: To the most recent address of Executive set forth in the personnel records of the Company.

h. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

i. Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, Executive shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A of the Code until the Executive has incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following an Executive's separation from service shall instead be paid on the first business day after the date that is six months following the Executive's separation from service (or, if earlier, the Executive's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Executive under the Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to Executive) during one year may not affect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code from applying to any such payment.

j. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

/s/ Edward Valle

EDWARD VALLE

EL POLLO LOCO, INC.

By: /s/ Stephen J. Sather

Name: Stephen J. Sather

Title: President

**CHICKEN ACQUISITION CORP.  
2012 STOCK OPTION PLAN**

1. PURPOSE

The Chicken Acquisition Corp. 2012 Stock Option Plan (the "**Plan**") has been established to advance the interests of Chicken Acquisition Corp. (the "**Company**") and its Affiliates by providing for the grant of Stock Options to Participants.

2. DEFINED TERMS

The following terms, when used in the Plan, shall have the meanings and be subject to the provisions set forth below:

**"Affiliate"**: Any Person that, with respect to a specified Person, directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the specified Person.

**"Award Agreement"**: A written agreement between the Company and the Participant evidencing a Stock Option, which may, but need not, be executed or acknowledged by a Participant.

**"Board"**: The Board of Directors of the Company.

**"Cause"**: The term "Cause" shall have the meaning assigned to such term in any individual employment or severance agreement or Award Agreement with the Participant or, if no such agreement exists or if such agreement does not define "Cause," Cause shall mean (A) the conviction, guilty plea or plea of "no contest" by the Participant to any felony or a crime involving moral turpitude or the Participant's commission of any other act or omission involving dishonesty or fraud, (B) the substantial and repeated failure of the Participant to perform duties of the office held by the Participant, (C) the Participant's gross negligence, willful misconduct or breach of fiduciary duty with respect to the Company or any of its Subsidiaries or Affiliates, and/or (D) any breach by the Participant of any Restrictive Covenants. Any voluntary termination of Employment by the Participant in anticipation of an involuntary termination of the Participant's Employment for Cause shall be deemed to be a termination for Cause.

**"Change of Control"**: The term "Change of Control" shall mean (A) the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any "person" or "group" (as such terms are defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), other than the Investors or (B) the date upon which any "person" or "group", other than the Investors, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of fifty percent (50%) or more of the Voting Stock of the Company (or any successor thereto), including by way of merger, consolidation or otherwise.

**"Code"**: The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

**“Committee”**: The Board or, if one or more has been appointed, a committee of the Board. The Committee may delegate ministerial tasks to such persons as it deems appropriate.

**“Common Stock”**: Common stock of the Company, par value \$0.01 per share.

**“Company”**: The term “Company” shall have the meaning set forth in Section 1 hereof.

**“Control”**: The term “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

**“Disability”**: A finding by the Board that the Participant has been unable to perform his or her job functions by reason of a physical or mental impairment for a period of 90 consecutive days or any 90 days within a period of 180 consecutive days.

**“Effective Date”**: The term “Effective Date” shall have the meaning set forth in Section 9 hereof.

**“Eligible Participants”**: The employees, directors, consultants and other service providers of the Company and its Subsidiaries.

**“Employment”**: A Participant’s employment or other service relationship with the Company and its Affiliates. Unless the Committee provides otherwise, a Participant who receives a Stock Option in his or her capacity as an Eligible Participant shall be deemed to cease Employment when the employee-employer relationship with the Company and its Subsidiaries ceases. A Participant who receives a Stock Option in any other capacity shall be deemed to continue Employment so long as the Participant is providing services in such capacity. If a Participant’s relationship is with a Subsidiary and that entity ceases to be a Subsidiary, the Participant shall be deemed to cease Employment when the entity ceases to be a Subsidiary unless the Participant transfers Employment to the Company or its remaining Subsidiaries.

**“Exchange Act”**: The Securities Exchange Act of 1934, as from time to time amended and in effect, or any successor statute as from time to time in effect.

**“Fair Market Value”**: means, with respect to the Common Stock or other property, the fair market value of such Common Stock or other property determined in accordance with the Plan. The Fair Market Value of any such other property shall be determined by such methods or procedures as shall be established from time to time by the Committee in good faith. Unless otherwise determined by the Committee in good faith in respect of clauses (i) and (ii), the per share Fair Market Value of Common Stock as of a particular date shall mean (i) the closing price per share of Common Stock on the national securities exchange on which the Common Stock is principally traded for such date, or if no sale was reported for such date, the last preceding date on which there was a sale of shares of Common Stock on such exchange, or (ii) if the Common Stock is then traded in an over-the-counter market (which shall not include transfers solely amongst existing stockholders), the average of the closing bid and asked prices for shares of Common Stock in such over-the-counter market for the last preceding date on which there was a sale of shares of Common Stock in such market, or (iii) if the Common Stock is not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Committee, in its good faith, reasonable discretion, shall determine, which value, as so determined by the Committee.

**“Investor”**: The term “Investor” shall mean any of Trimaran Fund II, L.L.C., Trimaran Parallel Fund II, L.P., Trimaran Capital, L.L.C., CIBC Employee Private Equity Fund (Trimaran) Partners, CIBC Capital Corp., Trimaran Pollo Partners, L.L.C., Freeman Spogli & Co., FS Equity Partners V, L.P., FS Affiliated V, L.P. (or any investment fund or other entity directly or indirectly Controlled by or under common Control with any of the foregoing).

**“Participant”**: An individual who is granted a Stock Option under the Plan.

**“Person”**: Any individual, corporation, partnership, limited liability company, joint venture, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**“Plan”**: The term “Plan” has the meaning set forth in Section 1 hereof.

**“Restrictive Covenants”**: Any non-competition, non-solicitation, confidentiality or other restrictive covenants, in each case to the extent applicable to the Participant under any written agreement between the Participant and the Company or any of its Subsidiaries.

**“Securities Act”**: The U.S. Securities Act of 1933 and the rules promulgated thereunder, as amended from time to time.

**“Stockholders Agreement”**: The term “Stockholders Agreement” shall mean the Stockholders Agreement of the Company, dated as of November 18, 2005, as amended from time to time.

**“Stock Option”**: An option entitling the recipient to acquire shares of Common Stock upon payment of the applicable exercise price.

**“Subsidiary”**: Any subsidiary of the Company.

**“Voting Stock”**: All classes of capital stock or shares then outstanding and normally entitled to vote in elections of directors.

### 3. ADMINISTRATION

The Committee has discretionary authority, subject only to the express provisions of the Plan and the Award Agreements, to interpret the Plan; to determine eligibility for and grant Stock Options; to determine, modify and/or waive the terms and conditions of any Stock Option; to prescribe forms, rules and procedures; and to otherwise do all things necessary to carry out the purposes of the Plan. Except as otherwise provided by the express terms of an Award Agreement, all determinations of the Committee made under the Plan shall be conclusive and shall bind all parties.

#### 4. LIMITS ON STOCK OPTIONS UNDER THE PLAN

**(a) Number of Shares.** A maximum of 420,000 shares of Common Stock may be delivered in satisfaction of Stock Options under the Plan. The issuance of shares of Common Stock or the payment of cash upon the exercise of a Stock Option (or, solely in the event the Committee expressly provides, the withholding of shares of Common Stock in satisfaction of the exercise price of Stock Options or the withholding of shares of Common Stock in satisfaction of tax withholding requirements), shall reduce the total number of shares of Common Stock available under the Plan, as applicable. Shares underlying Awards which are forfeited or which otherwise terminate without the issuance of Shares shall again become available for grants of Awards. Shares of Common Stock issued under stock options of an acquired company that are converted, replaced or adjusted in connection with the acquisition shall not reduce the number of shares of Common Stock available for Stock Options under the Plan.

**(b) Type of Shares.** Shares of Common Stock delivered under the Plan may be authorized but unissued Common Stock or previously issued Common Stock acquired by the Company or any of its Affiliates and may include fractional shares of Common Stock.

#### 5. ELIGIBILITY AND PARTICIPATION

The Board, or the Committee if expressly so permitted by the Board, shall select Participants from among those Eligible Participants of the Company or its Subsidiaries who, in the opinion of the Board or the Committee, as applicable, are in a position to make a significant contribution to the success of the Company and its Affiliates.

#### 6. RULES APPLICABLE TO STOCK OPTIONS

**(a) General.**

**(1) Stock Option Provisions.** The Committee shall determine the terms of all Stock Options, subject to the limitations provided herein, and shall furnish to each Participant an Award Agreement setting forth the terms applicable to the Participant's Stock Option. By entering into an Award Agreement, the Participant agrees to the terms of the Stock Option and of the Plan, to the extent not inconsistent with the express terms of the Award Agreement. Notwithstanding any provision of this Plan to the contrary, awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition may contain terms and conditions that are inconsistent with the terms and conditions specified herein, as determined by the Committee.

**(2) Non-Qualified Stock Options.** All Stock Options granted pursuant to the Plan are intended to be non-qualified stock options, and are not intended to be treated as "Incentive Stock Options" that comply with Section 422 of the Code.

**(3) Transferability.** Except as the Committee otherwise expressly provides, Stock Options may not be transferred other than by will or by the laws of descent and distribution, and during a Participant's lifetime, except as the Committee otherwise expressly provides, may be exercised only by the Participant.

**(4) Vesting.** The Committee may determine the time or times at which a Stock Option shall vest or become exercisable and the terms on which a Stock Option requiring exercise shall remain exercisable; provided, however, that each Stock Option shall expire on the tenth (10th) anniversary of the date of grant of such Stock Option, unless it is earlier exercised or forfeited as provided herein. Notwithstanding anything set forth herein to the contrary, the Committee may at any time accelerate the vesting or exercisability of a Stock Option, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration.

**(5) Termination of Employment.** Unless the Committee expressly provides otherwise in an Award Agreement, immediately upon the cessation of a Participant's Employment all Stock Options (whether vested or unvested) shall cease to be exercisable and shall terminate, except that:

(A) subject to subsections (B) and (C) below, all Stock Options held by the Participant immediately prior to the termination of the Participant's Employment for any reason other than Cause, death or Disability, to the extent then exercisable, shall remain exercisable for the shorter of (i) the ninety (90) day period following such termination and (ii) the period ending on the last date on which such Stock Option could have been exercised without regard to this Section 6(a)(5), and shall thereupon terminate;

(B) all Stock Options held by a Participant immediately prior to the termination of the Participant's employment as a result of the Participant's death or Disability, to the extent then exercisable, shall remain exercisable for the shorter of (i) the six (6) month period following such termination and (ii) the period ending on the latest date on which such Stock Options could have been exercised without regard to this Section 6(a)(5), and shall thereupon terminate; and

(C) all Stock Options (whether vested or unvested) held by a Participant immediately prior to the cessation of the Participant's Employment shall immediately terminate upon such cessation if such cessation of Employment was for Cause.

**(6) Taxes.** The Committee shall make such provision for the withholding of taxes as it deems necessary. The Committee may, but need not, hold back shares of Common Stock from the exercise of a Stock Option or permit a Participant to tender previously owned shares of Common Stock in satisfaction of tax withholding requirements (but not in excess of the applicable minimum statutory withholding rate).

**(7) Rights Limited.** Nothing in the Plan shall be construed as giving any person the right to continued Employment with the Company or its Affiliates, continued participation in the Plan, or any rights as a stockholder except as to shares of Common Stock actually issued under the Plan.

**(8) Stockholders Agreement.** All shares of Common Stock issued upon the exercise of Stock Options issued under the Plan shall be subject to the Stockholders Agreement. If a Participant is not party to the Stockholders Agreement, then the Committee may, as a condition to the issuance or exercise of a Stock Option, require such Participant to become party to the Stockholders Agreement or such portions thereof as the Committee determines.

**(b) Exercise.**

**(1) Time And Manner Of Exercise.** Unless the Committee expressly provides otherwise, a Stock Option permitting exercise by the holder shall not be deemed to have been exercised until the Committee receives a notice of exercise (in a form acceptable to the Committee) signed by the appropriate person and accompanied by any payment required under the Stock Option. If the Stock Option is exercised by any person other than the Participant, the Committee may require satisfactory evidence that the person exercising the Stock Option has the right to do so.

**(2) Exercise Price.** Except as otherwise permitted pursuant to Section 7(b)(1) hereof, the exercise price of a Stock Option shall not be less than the Fair Market Value of the Common Stock subject to the Stock Option, determined as of the date of grant.

**(3) Payment Of Exercise Price.** Where the exercise of a Stock Option is to be accompanied by payment, the Committee may determine the required or permitted forms of payment; provided, that all such payments shall be (a) by cash or check acceptable to the Committee, including an amount to cover the minimum statutory withholding taxes with respect to such exercise, or (b) by any other method approved by the Committee.

7. EFFECT OF CERTAIN TRANSACTIONS

**(a) Change Of Control.** Except as otherwise provided in an Award Agreement, in the event of a Change of Control in which there is an acquiring or surviving entity, the Committee may, unless the Committee determines that doing so is inappropriate or unfeasible, provide for the continuation or assumption of some or all of the outstanding Stock Options, or for the grant of new Stock Options in substitution therefor, by the acquiror or survivor or an Affiliate of the acquiror or survivor, in each case on such terms and subject to such conditions as preserve the intrinsic value of the Stock Option in the Committee's good faith determination. In the event of a Change of Control (whether or not there is an acquiring or surviving entity) in which there is no assumption or substitution as to some or all of the outstanding Stock Options, the Committee shall preserve the intrinsic value of the Stock Options, provide for treating as satisfied any time-based vesting condition on any such Stock Option or for the accelerated delivery of shares of Common Stock issuable under each such Stock Option, or cancel any Stock Option and, in connection therewith, pay an amount (in cash or, in the discretion of the Committee, in the form of consideration paid to shareholders of the Company in connection with such Change of Control) which shall equal the excess, if any, of the Fair Market Value of the shares of Common Stock subject to such Stock Options over the aggregate exercise price of such Stock Options, in each case on a basis that gives the holder of the Stock Option a reasonable opportunity, as determined by the Committee, following exercise or cancellation of the Stock Option or the issuance of the shares of Common Stock, as the case may be, to participate as a stockholder in the Change of Control. Except as otherwise provided in an Award Agreement, each Stock Option (unless assumed pursuant to the first sentence of this Section 7(a)), shall terminate upon consummation of the Change of Control.



**(b) Changes In, Distributions With Respect To And Redemptions Of Common Stock.**

**(1) Basic Adjustment Provisions.** In the event of any stock dividend or other similar distribution (whether in the form of stock or other securities or other property), stock split or combination of shares (including a reverse stock split), recapitalization, conversion, reorganization, consolidation, split-up, spin-off, combination, merger, exchange of stock, redemption or repurchase of all or part of the shares of any class of stock or any change in the capital structure of the Company or an Affiliate or other transaction or event in which the Company receives no consideration of or on the Common Stock (other than those described in Section 7(a)), the Committee shall, as appropriate in order to prevent enlargement or dilution of benefits intended to be made available under the Plan, make adjustments to the maximum number of shares of Common Stock that may be delivered under the Plan under Section 4(a) and shall also make appropriate adjustments to the number and kind of shares of stock, securities or other property (including cash) subject to Stock Options then outstanding or subsequently granted, any exercise prices relating to Stock Options and any other provision of Stock Options affected by such change.

**(2) Certain Other Adjustments.** The Committee shall also make adjustments of the type described in Section 7(b)(1) above to take into account distributions to stockholders other than those provided for in Section 7(a) and 7(b)(1), or any other event, if the Committee determines that adjustments are appropriate to avoid distortion in the operation of the Plan and to preserve the value of Stock Options made hereunder.

**(3) Continuing Application of Plan Terms.** References in the Plan to shares of Common Stock shall be construed to include any stock or securities resulting from an adjustment pursuant to this Section 7.

**8. LEGAL CONDITIONS ON DELIVERY OF COMMON STOCK**

The Company shall, prior to delivering shares of Common Stock pursuant to the Plan or removing any restriction from shares of Common Stock previously delivered under the Plan, ensure that (a) all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved, and (b) if the outstanding Common Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance. The Company and its Affiliates shall be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove any restriction from shares of Common Stock previously delivered under the Plan upon satisfaction or waiver of the conditions set forth in the preceding sentence and all other conditions of the Award Agreement. If the sale of Common Stock has not been registered under the Securities Act, the Company may require, as a condition to exercise of the Stock Option, such representations or agreements as counsel for the Company may in good faith recommend in order to ensure compliance with applicable federal and state securities, "blue sky" and other laws. No shares of Common Stock shall be purchased upon the exercise of the Stock Option unless and until the Company and the Participant shall have complied with all applicable federal or state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction. The Company may require that certificates evidencing Common Stock issued under the Plan bear an appropriate legend reflecting any restriction on transfer applicable to such Common Stock, and the Company may hold the certificates pending lapse of the applicable restrictions.

## 9. AMENDMENT AND TERMINATION

This Plan shall become effective as of April 11, 2012 (the “**Effective Date**”); provided, however, that the Plan and any Stock Option granted under the Plan shall not be effective until and unless the Plan is approved by stockholders holding a majority of the outstanding Company securities entitled to vote by the later of (1) within 12 months prior to or following the Effective Date, or (2) within 12 months prior to or following the granting of any Stock Option under the Plan. No Stock Options shall be granted under this Plan after the tenth anniversary of the Effective Date. The Committee, in its sole and absolute discretion, may at any time or times amend or alter the Plan or any outstanding Stock Option and may at any time terminate or discontinue the Plan as to any future grants of Stock Options; provided, that the Committee may not, without the Participant’s consent, amend or terminate the terms of a Stock Option or the Plan so as to materially affect adversely the Participants’ or a Participant’s rights under a Stock Option or the Plan. Any amendments to the Plan shall be conditioned upon stockholder approval only to the extent, if any, such approval is required by applicable law (including the Code), as determined by the Committee.

## 10. ESTABLISHMENT OF SUB-PLANS

The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan setting forth (i) such limitations on the Committee’s discretion under the Plan as the Board deems necessary or desirable and (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction that is not affected.

## 11. NO RIGHTS AS A STOCKHOLDER

The Participant shall not have any rights or privileges of a stockholder with respect to any shares of Common Stock underlying a Stock Option unless and until certificates representing such shares of Common Stock shall be issued by the Company to such Participant.

## 12. SECTION 409A

It is intended that the terms of this Plan be exempt from or comply with Section 409A of the Code. If it is determined that the terms of this Plan have been structured in a manner that would result in adverse tax treatment under Section 409A of the Code, the parties agree to cooperate in taking all reasonable measures to restructure the arrangement to minimize or avoid such adverse tax treatment without materially impairing the economic rights of the Participants.

### 13. GOVERNING LAW/JURISDICTION

The Plan shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein. Any suit, action or proceeding with respect to the Plan or a Stock Option, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Delaware. By accepting a Stock Option under the Plan, each Participant hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment and hereby irrevocably waives (i) any objections which the Participant may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Delaware, (ii) any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and (iii) any right to a jury trial.

**CHICKEN ACQUISITION CORP.**  
**2012 STOCK OPTION PLAN**  
**NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AWARD AGREEMENT (this "**Award Agreement**"), is made effective as of \_\_\_\_\_, 2012 (the "**Date of Grant**"), by and between Chicken Acquisition Corp., a Delaware corporation (the "**Company**"), and \_\_\_\_\_ (the "**Participant**");

R E C I T A L S:

WHEREAS, the Company has adopted the Chicken Acquisition Corp. 2012 Stock Option Plan (the "**Plan**"), which Plan is incorporated herein by reference and made a part of this Award Agreement. Capitalized terms used but not otherwise defined herein shall have meanings ascribed to such terms in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the Option provided for herein to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of the Option. The Company hereby grants to the Participant the right and option (the "**Option**") to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of [ ] shares of Common Stock (each a "**Share**" and collectively, the "**Shares**"). The purchase price of the Shares subject to the Option shall be equal to **\$35.00** per Share as of the Date of Grant (the "**Option Price**"). The Option is intended to be a non-qualified stock option, and is not intended to be treated as an option that complies with Section 422 of the Code.

2. Vesting.

(a) The Option granted hereunder shall vest and become exercisable as follows:

- (i) Fifty percent (50%) of the Shares subject to the Option shall vest and become exercisable with the passage of time (the "**Time-Based Options**"). The Time-Based Options shall vest and become exercisable in four (4) equal installments on each of the first four (4) anniversaries of the Date of Grant and
- (ii) Fifty percent (50%) of the Shares subject to the Option shall vest and become exercisable in connection with the attainment of certain performance goals, as set forth on Exhibit A (the "**Performance-Based Options**").

(b) Any portion of the Option which has become vested and exercisable in accordance with Section 2(a) above shall hereinafter be referred to as the "**Vested Portion**."

### 3. Exercise of Option.

(a) Period of Exercise. Subject to the provisions of the Plan and this Award Agreement, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of:

- (i) the tenth (10<sup>th</sup>) anniversary of the Date of Grant; or
- (ii) ninety (90) days following the date of the Participant's termination of Employment for any reason other than for Cause or due to the Participant's death or Disability; or
- (iii) six (6) months following the date of the Participant's termination of Employment due to the Participant's death or Disability; and
- (iv) all Options (whether vested or unvested) held by a Participant immediately prior to the cessation of the Participant's Employment shall immediately terminate upon such cessation if such cessation of Employment was for Cause.

#### (b) Method of Exercise.

(i) Each election to exercise the Vested Portion shall be subject to the terms and conditions of the Plan and shall be in writing, signed by the Participant or by his or her executor, administrator, or permitted transferee (subject to any restrictions provided under the Plan and the Stockholders Agreement), made pursuant to and in accordance with the terms and conditions set forth in the Plan and received by the Company at its principal offices, accompanied by payment in full as provided in the Plan or in this Award Agreement.

(ii) The Option Price may be paid by (A) the delivery of cash or check acceptable to the Committee, including an amount to cover the minimum statutory withholding taxes with respect to such exercise, or (B) any other method approved by the Committee.

(iii) Notwithstanding any other provision of the Plan or this Award Agreement to the contrary, the Vested Portion may not be exercised prior to the completion of any registration or qualification (including by reason of an applicable exemption therefrom) of the Option or the Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any governmental body or national securities exchange that the Committee shall in its sole discretion determine to be necessary or advisable. The Committee shall use its reasonable best efforts to cause any registration or qualification (or an applicable exemption therefrom) of the Option or the Shares to be completed.

(iv) Upon the Company's determination that the Vested Portion of the Option has been validly exercised as to any of the Shares, the Company shall issue certificates in the Participant's name for such Shares. However, the Company shall not be liable to the Participant for damages relating to any reasonable delays in issuing the certificates to such Participant, any loss of the certificates, or any mistakes or errors in the issuance of the certificates or in the certificates themselves which it promptly undertakes to correct.

(v) In the event of the Participant's death, the Option shall remain exercisable by the Participant's executor or administrator, or the person or persons to whom the Participant's rights under this Award Agreement shall pass by will or by the laws of descent and distribution as the case may be, to the extent set forth in Section 3(a). Any heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(vi) For the avoidance of doubt, in no event may a Participant or any other holder of an Option who has not executed the Stockholders Agreement exercise any part of the Vested Portion and the exercise of any part of the Vested Portion is expressly conditioned upon the Participant becoming a party to and executing the Stockholders Agreement.

#### 4. Termination of Employment.

(a) General. If the Participant's Employment is terminated for any reason, the Option shall, to the extent not then vested, terminate upon such termination of Employment and the Vested Portion of the Option shall remain exercisable for the period set forth in Section 3(a) and shall thereafter terminate.

(b) For Cause. The Option (including any Vested Portion thereof) shall terminate immediately upon the Participant's termination of Employment for Cause.

5. Share Restrictions, etc. Except as expressly provided herein, the Participant's rights hereunder and with respect to Shares received upon exercise of the Vested Portion are subject to the restrictions and other provisions contained in the Stockholders Agreement.

6. No Right to Continued Employment. The granting of the Option evidenced hereby and this Award Agreement shall impose no obligation on the Company or any Affiliate to continue the Employment of the Participant and shall not lessen or affect the Company's or any Affiliate's right to terminate the Employment of such Participant.

7. Legend on Certificates. The certificates representing the Shares purchased by exercise of the Vested Portion shall be subject to such stop transfer orders and other restrictions as the Committee may reasonably deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

8. Transferability. Except as provided in the Stockholders Agreement, the Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to

establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the Participant's lifetime, the Vested Portion is exercisable only by the Participant or a permitted transferee (pursuant to the Stockholders Agreement).

9. Withholding. Subject to Section 3(b)(ii), the Participant may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold from any payment due or transfer made under the Option or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities or other property) of any applicable withholding taxes in respect of the Option, its exercise or any payment or transfer under or with respect to the Option or the Plan and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.

10. Securities Laws. The issuance of any Shares hereunder shall be subject to the Participant making or entering into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws and government regulations.

11. Notices. Any notice necessary under this Award Agreement shall be addressed to the Company in care of its Director of Legal Services at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

12. Governing Law/Jurisdiction. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein. Any suit, action or proceeding with respect to this Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Delaware, and the Company and the Participant hereby submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. The Participant and the Company hereby irrevocably waive (i) any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Delaware, (ii) any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and (iii) any right to a jury trial.

13. Option Subject to Plan and Shareholders Agreement. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and the Shareholders Agreement as set forth on Exhibit B hereto. The Option is subject to the Plan, as may be amended from time to time, and the terms and provisions of the Plan are hereby incorporated herein by reference. Any Shares issued upon exercise of the Option will be subject to the Shareholders Agreement, as may be amended from time to time.

14. Section 409A. It is intended that the terms of this Agreement be exempt from or comply with Section 409A of the Code. If it is determined that the terms of this Agreement have been structured in a manner that would result in adverse tax treatment under Section 409A of the Code, the parties agree to cooperate in taking all reasonable measures to restructure the arrangement to minimize or avoid such adverse tax treatment without materially impairing Participant's economic rights.

15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.



IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement as of the date and year first above written.

CHICKEN ACQUISITION CORP.

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Name:

Title:

PARTICIPANT

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**EXHIBIT A**  
**Performance-Based Options**

With respect to each fiscal year within the Performance Period, the Option shall vest and become exercisable as follows:

- (a) if Actual EBITDA for such fiscal year is less than or equal to 100% of the Target EBITDA for such fiscal year, the Option will not become exercisable for any Shares at the end of that year;
- (b) if Actual EBITDA for such fiscal year is equal to or greater than 100% of the Target EBITDA for such fiscal year, the Option shall become exercisable for 25% of the Shares (rounded to the nearest whole Share) at the end of that year; and
- (c) any Shares that do not vest at the end of a particular fiscal year may vest at the end of a subsequent fiscal year based on the cumulative Actual EBITDA as a percent of the cumulative Target EBITDA. For example, if Actual EBITDA in 2013 is 95% of the Target EBITDA, then none of the Shares vest on December 31, 2013, and if cumulative Actual EBITDA for 2013 and 2014 is 105% of the cumulative Target EBITDA (i.e., Actual EBITDA for 2013 is 95% of the Target EBITDA for 2013, and Actual EBITDA for 2014 is 115% of Target EBITDA for 2014), then 50% of the Shares vest on December 31, 2014 .
- (d) As of the end of the Performance Period, to the extent any portion of an Option has not vested in accordance with the above, such unvested Options shall immediately terminate and be cancelled for no consideration.
- (e) For purposes of this Vesting Schedule:
  - (i) “**Actual EBITDA**” shall have the meaning assigned to the term “Consolidated EBITDA,” as defined in the First Lien Credit Agreement dated as of July 14, 2011 among El Pollo Loco, Inc., EPL Intermediate, Inc., Jefferies Finance LLC, General Electric Capital Corporation, GE Capital Financial Inc. and General Electric Capital Corporation.
  - (ii) “**Performance Period**” means the fiscal year ending in December 2016.
  - (iii) “**Target EBITDA**” means the Actual EBITDA targets for the Company during each fiscal year in the Performance Period, as set forth below:

Fiscal Year	Target EBITDA (\$M)
2013	\$ 52.4
2014	\$ 57.7
2015	\$ 64.3
2016	\$ 70.7

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**EXHIBIT B**  
**Option Plan; Shareholders Agreement**

**CHICKEN ACQUISITION CORP.**  
**2012 STOCK OPTION PLAN**  
**NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AWARD AGREEMENT (this "**Award Agreement**"), is made effective as of \_\_\_\_\_, 2013 (the "**Date of Grant**"), by and between Chicken Acquisition Corp., a Delaware corporation (the "**Company**"), and \_\_\_\_\_ (the "**Participant**");

R E C I T A L S:

WHEREAS, the Company has adopted the Chicken Acquisition Corp. 2012 Stock Option Plan (the "**Plan**"), which Plan is incorporated herein by reference and made a part of this Award Agreement. Capitalized terms used but not otherwise defined herein shall have meanings ascribed to such terms in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the Option provided for herein to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of the Option. The Company hereby grants to the Participant the right and option (the "**Option**") to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of [ ] shares of Common Stock (each a "**Share**" and collectively, the "**Shares**"). The purchase price of the Shares subject to the Option shall be equal to **\$50.00** per Share as of the Date of Grant (the "**Option Price**"). The Option is intended to be a non-qualified stock option, and is not intended to be treated as an option that complies with Section 422 of the Code.

2. Vesting.

(a) The Option granted hereunder shall vest and become exercisable as follows:

- (i) Fifty percent (50%) of the Shares subject to the Option shall vest and become exercisable with the passage of time (the "**Time-Based Options**"). The Time-Based Options shall vest and become exercisable in four (4) equal installments on each of the first four (4) anniversaries of the Date of Grant, and
- (ii) Fifty percent (50%) of the Shares subject to the Option shall vest and become exercisable in connection with the attainment of certain performance goals, as set forth on Exhibit A (the "**Performance-Based Options**").

(b) Any portion of the Option which has become vested and exercisable in accordance with Section 2(a) above shall hereinafter be referred to as the "**Vested Portion**."

### 3. Exercise of Option.

(a) Period of Exercise. Subject to the provisions of the Plan and this Award Agreement, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of:

- (i) the tenth (10<sup>th</sup>) anniversary of the Date of Grant; or
- (ii) ninety (90) days following the date of the Participant's termination of Employment for any reason other than for Cause or due to the Participant's death or Disability; or
- (iii) six (6) months following the date of the Participant's termination of Employment due to the Participant's death or Disability; and
- (iv) all Options (whether vested or unvested) held by a Participant immediately prior to the cessation of the Participant's Employment shall immediately terminate upon such cessation if such cessation of Employment was for Cause.

### (b) Method of Exercise.

(i) Each election to exercise the Vested Portion shall be subject to the terms and conditions of the Plan and shall be in writing, signed by the Participant or by his or her executor, administrator, or permitted transferee (subject to any restrictions provided under the Plan and the Stockholders Agreement), made pursuant to and in accordance with the terms and conditions set forth in the Plan and received by the Company at its principal offices, accompanied by payment in full as provided in the Plan or in this Award Agreement.

(ii) The Option Price may be paid by (A) the delivery of cash or check acceptable to the Committee, including an amount to cover the minimum statutory withholding taxes with respect to such exercise, or (B) any other method approved by the Committee.

(iii) Notwithstanding any other provision of the Plan or this Award Agreement to the contrary, the Vested Portion may not be exercised prior to the completion of any registration or qualification (including by reason of an applicable exemption therefrom) of the Option or the Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any governmental body or national securities exchange that the Committee shall in its sole discretion determine to be necessary or advisable. The Committee shall use its reasonable best efforts to cause any registration or qualification (or an applicable exemption therefrom) of the Option or the Shares to be completed.

(iv) Upon the Company's determination that the Vested Portion of the Option has been validly exercised as to any of the Shares, the Company shall issue certificates in the Participant's name for such Shares. However, the Company shall not be liable to the Participant for damages relating to any reasonable delays in issuing the certificates to such Participant, any loss of the certificates, or any mistakes or errors in the issuance of the certificates or in the certificates themselves which it promptly undertakes to correct.

(v) In the event of the Participant's death, the Option shall remain exercisable by the Participant's executor or administrator, or the person or persons to whom the Participant's rights under this Award Agreement shall pass by will or by the laws of descent and distribution as the case may be, to the extent set forth in Section 3(a). Any heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(vi) For the avoidance of doubt, in no event may a Participant or any other holder of an Option who has not executed the Stockholders Agreement exercise any part of the Vested Portion and the exercise of any part of the Vested Portion is expressly conditioned upon the Participant becoming a party to and executing the Stockholders Agreement.

#### 4. Termination of Employment.

(a) General. If the Participant's Employment is terminated for any reason, the Option shall, to the extent not then vested, terminate upon such termination of Employment and the Vested Portion of the Option shall remain exercisable for the period set forth in Section 3(a) and shall thereafter terminate.

(b) For Cause. The Option (including any Vested Portion thereof) shall terminate immediately upon the Participant's termination of Employment for Cause.

5. Share Restrictions, etc. Except as expressly provided herein, the Participant's rights hereunder and with respect to Shares received upon exercise of the Vested Portion are subject to the restrictions and other provisions contained in the Stockholders Agreement.

6. No Right to Continued Employment. The granting of the Option evidenced hereby and this Award Agreement shall impose no obligation on the Company or any Affiliate to continue the Employment of the Participant and shall not lessen or affect the Company's or any Affiliate's right to terminate the Employment of such Participant.

7. Legend on Certificates. The certificates representing the Shares purchased by exercise of the Vested Portion shall be subject to such stop transfer orders and other restrictions as the Committee may reasonably deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

8. Transferability. Except as provided in the Stockholders Agreement, the Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to

establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the Participant's lifetime, the Vested Portion is exercisable only by the Participant or a permitted transferee (pursuant to the Stockholders Agreement).

9. Withholding. Subject to Section 3(b)(ii), the Participant may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold from any payment due or transfer made under the Option or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities or other property) of any applicable withholding taxes in respect of the Option, its exercise or any payment or transfer under or with respect to the Option or the Plan and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.

10. Securities Laws. The issuance of any Shares hereunder shall be subject to the Participant making or entering into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws and government regulations.

11. Notices. Any notice necessary under this Award Agreement shall be addressed to the Company in care of its Director of Legal Services at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

12. Governing Law/Jurisdiction. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein. Any suit, action or proceeding with respect to this Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Delaware, and the Company and the Participant hereby submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. The Participant and the Company hereby irrevocably waive (i) any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Delaware, (ii) any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and (iii) any right to a jury trial.

13. Option Subject to Plan and Shareholders Agreement. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and the Shareholders Agreement as set forth on Exhibit B hereto. The Option is subject to the Plan, as may be amended from time to time, and the terms and provisions of the Plan are hereby incorporated herein by reference. Any Shares issued upon exercise of the Option will be subject to the Shareholders Agreement, as may be amended from time to time.

14. Section 409A. It is intended that the terms of this Agreement be exempt from or comply with Section 409A of the Code. If it is determined that the terms of this Agreement have been structured in a manner that would result in adverse tax treatment under Section 409A of the Code, the parties agree to cooperate in taking all reasonable measures to restructure the arrangement to minimize or avoid such adverse tax treatment without materially impairing Participant's economic rights.

15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.



IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement as of the date and year first above written.

CHICKEN ACQUISITION CORP.

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Name:

Title:

PARTICIPANT

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**EXHIBIT A**  
**Performance-Based Options**

With respect to each fiscal year within the Performance Period, the Option shall vest and become exercisable as follows:

- (a) if Actual EBITDA for such fiscal year is less than or equal to 100% of the Target EBITDA for such fiscal year, the Option will not become exercisable for any Shares at the end of that year;
- (b) if Actual EBITDA for such fiscal year is equal to or greater than 100% of the Target EBITDA for such fiscal year, the Option shall become exercisable for 25% of the Shares (rounded to the nearest whole Share) at the end of that year; and
- (c) any Shares that do not vest at the end of a particular fiscal year may vest at the end of a subsequent fiscal year based on the cumulative Actual EBITDA as a percent of the cumulative Target EBITDA. For example, if Actual EBITDA in 2013 is 95% of the Target EBITDA, then none of the Shares vest on December 31, 2013, and if cumulative Actual EBITDA for 2013 and 2014 is 105% of the cumulative Target EBITDA (i.e., Actual EBITDA for 2013 is 95% of the Target EBITDA for 2013, and Actual EBITDA for 2014 is 115% of Target EBITDA for 2014), then 50% of the Shares vest on December 31, 2014 .
- (d) As of the end of the Performance Period, to the extent any portion of an Option has not vested in accordance with the above, such unvested Options shall immediately terminate and be cancelled for no consideration.
- (e) For purposes of this Vesting Schedule:
  - (i) “**Actual EBITDA**” shall have the meaning assigned to the term “Consolidated EBITDA,” as defined in the First Lien Credit Agreement dated as of July 14, 2011 among El Pollo Loco, Inc., EPL Intermediate, Inc., Jefferies Finance LLC, General Electric Capital Corporation, GE Capital Financial Inc. and General Electric Capital Corporation.
  - (ii) “**Performance Period**” means the fiscal year ending in December 2016.
  - (iii) “**Target EBITDA**” means the Actual EBITDA targets for the Company during each fiscal year in the Performance Period, as set forth below:

Fiscal Year	Target EBITDA (\$M)
2013	\$ 52.4
2014	\$ 57.7
2015	\$ 64.3
2016	\$ 70.7

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**EXHIBIT B**  
**Option Plan; Shareholders Agreement**

## LIST OF SUBSIDIARIES

<u>Subsidiary</u>	<u>Ownership Percentage</u>	<u>Jurisdiction of Incorporation or Organization</u>
EPL Intermediate, Inc.	100%	Delaware
El Pollo Loco, Inc.	100%	Delaware

June 4, 2014

Mr. John Dana Brown  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F. Street N.E.  
Washington, D.C. 20549-3628

**Re: El Pollo Loco Holdings, Inc.  
Draft Registration Statement on Form S-1  
Initially submitted on April 25, 2014  
CIK No. 0001606366**

Dear Mr. Brown:

On behalf of El Pollo Loco Holdings, Inc. (the "Company"), we confidentially submit herewith a revised draft of the above-referenced Registration Statement (the "Revised Registration Statement") via the Securities and Exchange Commission (the "Commission") EDGAR system. In this letter, we respond to the comments of the staff (the "Staff") of the Division of Corporation Finance of the Commission contained in the Staff's letter dated May 22, 2014 (the "Comment Letter").

Set forth below are the Company's responses to the comments in the Comment Letter. For ease of reference, each comment contained in the Comment Letter is printed below and is followed by the Company's response. All page references in the responses refer to page numbers in the Revised Registration Statement. Defined terms used but not otherwise defined herein have the meanings ascribed to such terms in the Revised Registration Statement.

**General**

- 1. Prior to pricing and distribution of the preliminary prospectus, please provide us with mock-ups of any pages that include pictures or graphics to be presented. Accompanying captions, if any, should also be provided. We may have comments after reviewing the materials.**

**Response:**

The Company is supplementally furnishing to the Staff under separate cover the graphic materials and artwork it intends to include on the front and back covers of the prospectus.

- 2. Please provide us with copies of all written communications, as defined in Rule 405 under the Securities Act, that you, or anyone authorized to do so on your behalf, present to potential investors in reliance on Section 5(d) of the Securities Act,**

**whether or not they retain copies of the communications. Similarly, please provide us with any research reports about you that are published or distributed in reliance upon Section 2(a)(3) of the Securities Act added by Section 105(a) of the Jumpstart Our Business Startups Act by any broker or dealer that is participating or will participate in your offering.**

Response:

The Company has not had any communications or authorized anyone to have communications with potential investors in reliance on Section 5(d) of the Securities Act of 1933, as amended (the "Securities Act"). The Company has been informed by the underwriters that none of the brokers or dealers participating in this offering has published or distributed research reports about the Company in reliance on Section 2(a)(3) of the Securities Act. If the Company or anyone authorized by the Company engages in such communications in reliance on Section 5(d) of the Securities Act, or if any broker or dealer participating in the offering publishes any reports in reliance on Section 2(a)(3) of the Securities Act prior to effectiveness of the Registration Statement, the Company will supplementally provide any such communications or research reports to the Staff as requested.

- 3. Please revise your prospectus to remove marketing language that is not objectively substantiable such as your descriptive statements regarding "authentic" cooking (pages 1, 2, 5, 57, 58, 61, and 65), "timeless" cooking processes (pages 1 and 57), "passionate about [y]our food" (pages 1, 38, and 57), "friendly" team members (pages 1, 38, 57, and 64), "warm" and "welcoming" (pages 1, 2, 38, 57, 59, and 63), "inviting" (pages 2, 3, 58, 59, and 63), "relaxing" meal (pages 2 and 58), a "unique energy and passion" (pages 3 and 59), "at all times" (pages 3 and 59), "unique" atmosphere and approach (pages 63 and 64), "compelling value proposition" (pages 1 and 57), "compelling" messaging and communication system (pages 4 and 60), "highly differentiated growth restaurant" (pages 1, 38, and 57), "hero" product (page 1, 38, 57, 58 and 65), "theater of [y]our fresh chicken" (page 1, 57, and 65), "artists in pollo" (page 65), "great food" and "great service" (page 3 and elsewhere), and "attractive" day-part mix and economics throughout.**

Response:

In response to the Staff's comment, the Company has removed or revised the following language in the Revised Registration Statement: "timeless" cooking processes; "passionate about our food;" "friendly" team members; "warm" and "welcoming;" "inviting;" "relaxing" meal; a "unique energy and passion;" "at all times;" "unique" atmosphere and approach; "compelling value proposition;" "compelling" messaging and communication system; "highly differentiated growth restaurant;" "hero" product; "theater of our fresh chicken;" "artists in pollo;" "great food" and "great service;" and "attractive" day-part mix and economics.

The Company respectfully advises the Staff that the Company's claim that its cooking processes and fire-grilled chicken and entrees are "authentic" is based on the source of its recipes, ingredients and cooking techniques. The basic recipes, ingredients and cooking techniques originate from the family of the founders of El Pollo Loco in Gusave, Sinoloa, Mexico and were introduced to the United States when our predecessor opened its first restaurant in Los Angeles in 1980. Over the years, the Company has complemented the original basic recipes and ingredients by incorporating additional Mexican meals and ingredients, such as Tacos al Carbon and Pico de Gallo salsa. The Company has removed the word "authentic" in certain other places throughout the Revised Registration Statement. The Company is supplementally furnishing to the Staff under separate cover additional supporting materials.

The Company respectfully advises the Staff that it is a differentiated restaurant concept because of the characteristics it shares with both fast casual restaurants and QRSs, including the method of preparation, quality of food and dining experience typical of fast casual restaurants, as well as the speed, convenience and value typical of traditional QSRs. The Company also believes that offering fire-grilled chicken differentiates it from its competitors that generally offer fried chicken or Mexican inspired entrees. The Company also respectfully advises the Staff that it is a growing restaurant concept due to the consecutive quarters of comparable restaurant sales growth, increase in AUVs, increase in restaurant contribution margin and expected expansion of its restaurant base as described on pages 1, 5 and 62 of the Revised Registration Statement.

4. **In your response to us please provide us objective bases for statements that you have "high quality" or "higher quality" food or chicken and "healthier" menu, alternatives, offerings (pages 1, 2, 3, 4, 18, 23, 38, 57, 58, 59, 60, and 65), "appeals to consumers across a wide variety of socio-economic backgrounds" (pages 1, 38, and 57), "highly-trained" Grill Masters (pages 2, 3, 58, 59, 63 and 65), "highly trained" internal auditors (pages 3 and 59), "diversified, high quality and healthier menu offering" (pages 1, 38, and 57), "innovative entrees" (pages 1, 38 and 57), "superior service" (pages 3 and 59), "high quality, fresh and flavorful food" (page 58), "best-in-class" (pages 3 and 59), "superior performance" (pages 3 and 59), "finest quality food" (pages 3 and 59), and similar statements made elsewhere.**

Response:

The Company has removed or revised the following language in the Revised Registration Statement: "high quality" or "higher quality," "highly-trained" Grill Masters; "highly trained" internal auditors; "diversified" menu items; "innovative entrees;" "superior service;" "best-in-class;" "superior performance;" "fresh and flavorful;" and "finest quality food."

The Company advises the Staff that the Company's claim that its menu is "healthier" is based on the healthy nature of fire grilled chicken and the Company's "5 Under 500 Calories" menu items, which offer healthier meals than many of its competitors. Fire grilling is a healthier way to cook chicken than traditional deep-frying used by many of our competitors. Chicken generally also contains more protein and less fat and calories than other meats offered by the Company's competitors. The Company is supplementally furnishing to the Staff under a separate cover a comparison of the nutritional information of its meals against the meals of its major competitors and additional supporting materials.

The Company advises the Staff that the Company's claim that it "appeals to consumers across a wide variety of socio-economic backgrounds" is based on an external research report and an external customer satisfaction survey. The Company is supplementally furnishing to the Staff under separate cover copies of an external research report by Sandleman Edge and a customer satisfaction survey by MarketForce.

**5. Please revise to define industry terms such as “day-part mix” and “limited-service restaurants” in the places where first used.**

Response:

In response to the Staff’s comment, the Company has included definitions of “day-part mix” and “limited-service restaurants” where those industry terms are first used.

**6. Please refrain from referring to your customers as “guests.” We note that “customers” denotes persons who pay for goods or services.**

Response:

In response to the Staff’s comment, the Company has replaced the word “guest” with “customer” throughout the Revised Registration Statement.

**7. Please confirm that all market data and reports cited in the prospectus other than what are provided by Technomic, Inc. are publicly available or available through subscriptions and were not prepared in contemplation of your securities offering.**

Response:

The Company confirms that all non-Technomic market data and reports cited are available publicly or by subscription and were not prepared in contemplation of the proposed offering by the Company.

**8. Please update the financial statements as necessary to comply with Rule 3-12 of Regulation S-X.**

Response:

In response to the Staff’s comment, the Company has updated its financial statements and disclosures to comply with Rule 3-12 of Regulation S-X.

**9. Please provide a currently dated consent of the independent registered public accounting firm upon the filing of your Form S-1 registration statement.**

Response:

The Company respectfully advises the Staff that it will provide a consent from its independent accountant upon filing of the Registration Statement.



**Prospectus Summary, page 1**

- 10. Please clarify in the summary and business sections whether your cooks grill the chicken on open grills behind the cashier counters or at the customers' tables.**

**Response:**

In response to the Staff's comment, the Company has expanded its disclosure on pages 1 and 62 of the Revised Registration Statement to clarify that our cooks grill the chicken on open grills in our kitchens.

**Our Company, page 1**

**It All Starts with Our Chicken, page 1**

- 11. Please delete the disclosure of your "system-wide revenue of \$657.6 million" in the third paragraph. It appears there is no substantive justification for aggregating the revenues of company owned and franchised restaurants in this context, as it is not a discussion describing how you derive franchise fees and royalties from your franchisees.**

**Response:**

The Company respectfully advises the Staff that it believes that "system-wide revenue" (which the Company has renamed "system-wide sales" for clarity) is a metric that is both relevant and useful to potential investors when evaluating restaurant businesses that include franchised restaurant operations, especially in cases such as the Company's, when these operations comprise a significant proportion of the overall restaurant base. System-wide sales provides investors with a quantifiable measure of the total size (by sales) of a given restaurant business and, along with other measures, permits comparison to other restaurant businesses across the industry in terms of total penetration, brand awareness, growth rates, and opportunities for future growth, among other factors. For these reasons, the Company respectfully submits that disclosure of system-wide sales is appropriate in the context of a discussion of the performance of the business and its outlook, generally. For additional reference, system-wide sales have been and continue to be disclosed by a number of other restaurant businesses with franchised restaurant operations (including some that have recently completed their initial public offerings), such as Panera Bread Company, Papa Murphy's Holdings, Inc. and Popeye's Louisiana Kitchen, Inc.

- 12. Please refer to the last paragraph on page 1. Please remove the statement regarding a "competitive advantage." It appears you do not have a basis for this statement. We note for example your history of net losses.**

Response:

In response to the Staff's comment, the Company has deleted the phrase "and financial" on pages 1 and 62 so as not to suggest that the factors discussed under "Our Competitive Strengths" have resulted in positive net income.

- 13. It appears that you are positioned in the "fast casual" or the "fast food" dining segment of the restaurant industry. Please explain your reference to "faster fast casual" or "QSR+" throughout the registration statement by citing to other sources that use this restaurant category and listing other restaurants that fall within this category. In the alternative, revise to state that you are in the "fast food" or "fast casual" dining segment of the restaurant industry.**

Response:

The Company respectfully advises the Staff that it operates within the limited service segment of the restaurant industry. The Company believes that it possesses characteristics of both traditional quick-service restaurants ("QSRs," defined by Technomic as traditional "fast-food" restaurants with average check sizes of \$3.00 - \$8.00) and fast casual restaurants (defined by Technomic as limited or self-service formats with average check sizes of \$8.00 - \$12.00 that offer food prepared-to-order within generally more upscale and developed establishments), which are both sub-segments of the limited service segment. The Company is supplementally furnishing to the Staff under separate cover a comparison of the Company's characteristics against the characteristics of typical QSRs and fast casual restaurants.

The Company refers to its position within the limited service segment as QSR+. In response to the Staff's comment, the Company has revised the disclosure on pages 1, 2, 62 and 63 to clarify that it is positioned within the limited service segment of the restaurant industry and that it believes it possesses certain characteristics of the QSR and fast casual restaurant sub-segments of the limited service segment, which the Company refers to as QSR+.

The Company notes that certain of its publicly traded competitors state that they share characteristics of multiple restaurant categories. For example, Fiesta Restaurant Group, Inc. states that it is "positioned within the value-oriented fast-casual restaurant segment, which combines the convenience and value of quick-service restaurants with the variety, food quality, décor and atmosphere more typical of casual dining restaurants."

- 14. Please clarify what you mean by the phrase "[s]ome say the lengths we go to are crazy." Please also provide to us an objective basis for this statement. Depending on your response, this phrase may also appear to be marketing language that may not be appropriate for a prospectus.**

Response:

In response to the Staff's comment, the Company has removed the referenced phrase.

**Our Competitive Strengths, page 2**

**Putting the "loco" in El Pollo Loco, page 2**

**"Loco-ly" Differentiated Restaurant Concept, page 2**

15. **Please further explain what makes your ingredients "premium." For instance, do you use only organic vegetables that are all locally sourced and never frozen? In addition, please revise to explain what you mean by "artisanal" tortillas. For example, are the tortillas made entirely by hand in small batches without additives, preservatives or the use of machines?**

Response:

The Company has removed the words "premium" and "artisanal" from the Revised Registration Statement.

16. **Please revise to explain what you mean by "real food" and "real kitchens" on page 2 and elsewhere or delete these phrases.**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page 3 to define "real food" and "real kitchens."

**Authentic, Fresh-Made "Crazy You Can Taste", page 2**

17. **We note your disclosure that the "vast majority of [y]our menu items are prepared from scratch and made fresh throughout the day." Please revise to disclose what menu items or percentage of menu items are not made from "scratch."**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on pages 3 and 64 to include the percentage of menu items that are made from "scratch."

**Developing Industry-Leading AUVs, page 3**

- 18. Please provide to us substantiation for the statements “Industry-Leading AUVs” and “[w]e believe our differentiated QSR+ positioning drives restaurant operating results that are among the highest in the QSR and fast-casual industry segments.”**

**Response:**

The Company is supplementally furnishing to the Staff under separate cover, copies of materials comparing the Company’s average unit volumes, “prime costs” (defined as food, beverages, paper, and restaurant-level (non-management) labor) and restaurant contribution margin for fiscal 2013 against its competitors, which together support the statements “Industry-Leading AUVs” and “believe our differentiated QSR+ positioning drives restaurant operating results that are among the highest in the QSR and fast-casual industry segments.”

**Our Growth Strategy, page 4**

**This Bird is “En Fuego,” page 4**

**Expand our Restaurant Base, page 4**

- 19. We note that you plan to grow the number of your restaurants. Please state that there is no guarantee that you will be able to increase the number of your restaurants. Please also balance your disclosure here and in the business section as it pertains to your planned growth with the disclosure that appears in the risk factor on page 14. We note that in 2009 you closed 21 restaurants east of the Rockies due to low sales. In addition, based on the table appearing on page 39, the total number of your restaurants decreased from 412 in the beginning of fiscal year 2011 to 401 at the end of fiscal year 2013. Please also revise the statement that you “are in the early stages of [y]our growth story” to delete or state as a belief, as you are not providing a guarantee that future growth will occur.**

**Response:**

In response to the Staff’s comment, the Company has expanded its disclosure on pages 4, 5, 65 and 67 to balance the discussion of its planned growth.

- 20. We note your statement you plan to continue to expand your business and drive restaurant sales growth and “profitability.” Please balance this statement by explaining here that you have incurred net losses in each of the last seven fiscal years, as noted on page 16.**

Response:

In response to the Staff's comment, the Company has removed the phrase "and profitability" so as not to imply that our expansion plans have or will result in profitability.

- 21. In light of lack of profitability in recent years, please explain your statement that your "franchise program [is] an important tool for expanding the brand that allows [you] to increase [your] restaurant penetration through a low-cost and high-return model."**

Response:

In response to the Staff's comment, the Company has removed the phrase "through a low-cost and high-return model" so as not to imply that its franchise program has resulted in large profits.

**Summary Consolidated Financial and Other Data, page 9**

- 22. Reference is made to your presentation of Adjusted EBITDA. We consider your disclosure surrounding the reasons why management believes the presentation of Adjusted EBITDA is useful information to investors to be overly general. Simply stating that it is "frequently used by securities analysts, investors and other interested parties to evaluate companies in [y]our industry" is not considered sufficient reason for presentation of the non-GAAP measure. Please revise to provide more specifically why management believes Adjusted EBITDA is useful to investors regarding the company's financial condition and results of operations or delete the non-GAAP financial measure. Similarly, revise your non-GAAP disclosures on page 41.**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page 13 to provide specific reasons why management believes Adjusted EBITDA is useful to investors and revised its non-GAAP disclosures on page 41.

- 23. We refer to your presentation of "restaurant contribution." As this represents a non-GAAP financial measure, please revise to provide the disclosures required by Item 10(e)(1)(i) of Regulation S-K, including a reconciliation of the measure to the most closely related measure presented in accordance with U.S. GAAP.**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page 12 to provide the disclosures required by Item 10(e)(1)(i) of Regulation S-K with respect to "restaurant contribution."

**Risk Factors, page 13**

24. It appears that your equity sponsors Trimaran Capital Partners and Freeman Spogli & Co. will continue to own a percentage of outstanding equity interest after the initial public offering. If applicable, please add a risk factor disclosing potential conflict of interest that they may have with your shareholders. While we do not know what this might entail, examples may be whether Trimaran and Freeman Spogli may invest in competing companies, whether there is any agreement stating that conflicts will be resolved in your favor, or whether directors appointed by Trimaran and Freeman Spogli will always have an obligation to present business opportunities first to you.

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page 25 to add a risk factor regarding potential conflicts of interest that Trimaran and Freeman Spogli may have with the Company's shareholders.

**We are vulnerable to changes in consumer preferences, page 13**

25. It appears that you are describing two different risks in this section. Please revise to identify and describe each risk in a separate risk factor.

Response:

In response to the Staff's comment, the Company has created a new risk factor heading for the relevant portion of this section entitled "Our business is geographically concentrated in the greater Los Angeles area, and we could be negatively affected by conditions specific to that region."

**The challenging economic environment may affect our franchises, page 18**

26. Please revise to state where the restaurants were located that were owned by one of your franchisees who filed a petition for relief under Chapter 11.

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page 20 to state where the restaurants were located that were owned by one of our franchisees who filed a petition for relief under Chapter 11.

**Risks related to this Offering and Ownership of Our Common Stock, page 24**

**If the ownership of our common stock continues to be highly concentrated, page 24**

27. Please discuss how many directors will Trimaran and Freeman Spogli have a right to appoint to your board of directors.

Response:

The Company respectfully advises the Staff that Trimaran and Freeman Spogli do not have the right to directly appoint members of the Company's board of directors, but may do so indirectly for so long as Trimaran Pollo Partners, L.L.C. holds a majority of the Company's outstanding common stock. In response to the Staff's comment, the Company has revised its disclosure on page 25 to describe the relevant provisions of Trimaran Pollo Partners, L.L.C.'s operating agreement.

**We are a holding company with no operations, page 25**

28. We note from your disclosure on page 25 pursuant to the terms of your senior secured credit facilities both EPL and Intermediate are restricted in making dividend payments to you and that your principal assets are the equity interests in your operating subsidiary, EPL, which own your operating assets. In this regard, to the extent your proportionate share of restricted net assets of consolidated subsidiaries exceeds 25% of your consolidated net assets you are required to provide (1) footnote disclosure in the consolidated financial statements about the nature and amount of the significant restrictions on the ability of the subsidiaries to transfer funds to you through intercompany loans, advances or cash dividends pursuant to Rule 4-08(e)(3) of Regulation S-X; and (2) condensed parent company financial information and other data in a schedule pursuant to Rule 12-04 of Regulation S-X. Please advise and/or revise to include the information noted above. Refer to SAB Topic 6.K.2

Response:

The Company respectfully acknowledges the Staff's comment. Footnote 1 – Description of Business in the consolidated financial statements provides detail of the significant restrictions in terms of transferring funds, pursuant to Rule 4-08(e)(3) of Regulation S-X. The Company has added the Schedule I pursuant to Rule 12-04 of Regulation S-X to pages F-27 to F-33 of the Registration Statement, which shows the required condensed parent company financial information.

29. We note your disclosure on page 33 that you do not plan to pay dividends in the near future. Please clarify your disclosure in this risk factor regarding your intent "to pay dividends on [your] common stock."

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page 26 to state that it does not intend to pay dividends on its common stock.

**Management's Discussion and Analysis of Financial Condition and Results of Operations, page 38**

**EBITDA and Adjusted EBITDA, page 41**

**30. Reference is made to your non-GAAP financial measure, adjusted EBITDA. We note the non-GAAP measure excludes recurring items. In this regard, please expand your disclosures surrounding the non-GAAP measure to include:**

- **The manner in which management uses the non-GAAP measure to conduct or evaluate its business;**
- **The economic substance behind management's decision to use such a measure;**
- **Material limitations associated with the use of the non-GAAP financial measure as compared to the use of the most comparable GAAP financial measure;**
- **The manner in which management compensates for these limitations when using the non-GAAP financial measure; and**
- **The substantive reasons why management believes the non-GAAP financial measures provide useful information to investors.**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on pages 42 to 43 to discuss the matters set forth in Comment 30 above.

**Results of Operations, page 43**

**31. We note your current discussion of fluctuations in expenses for the periods presented in your financial statements. In addition to discussing the factors responsible for the changes in the various categories of expenses, please also consider quantifying the factors if more than one factor is attributable to the change such that an investor can discern the relative importance and contribution each factor has on the year over year change.**



Response:

In response to the Staff's comment, the Company has expanded its expense disclosures in its Results of Operations section beginning on pages 48, 50 and 51 to include the dollar amounts of particular factors affecting expense line items where appropriate.

**Critical Accounting Policies and Use of Estimates, page 51**

**Stock-Based Compensation, page 53**

32. **We note from your disclosures on page 55 that you utilized a combination of income and market approaches to estimate your aggregate enterprise value. We further note that in determining your valuation of common stock at December 26, 2012, you considered the fair value under both the income and market approaches, with a weighting of 33% each to the discounted cash flow, the guideline public company analysis and the transaction analysis. Under such approaches, you disclose key assumptions and estimates used by management including discount rates, growth rates, non-marketability discount as well as multiples of actual and budgeted EBITDA. In this regard, please revise your stock-based compensation critical accounting estimate to discuss in greater detail the extent to which such estimates used in determining the fair value of your common stock are considered highly complex and subjective. Also, please disclose that such estimates will not be necessary to determine fair value of new awards once the underlying shares begin trading.**

Response:

The Company has expanded its disclosure on page 60 under Stock-Based Compensation to indicate that the estimates used in determining the fair value of our common stock are considered highly complex and subject to significant judgment and that such estimates will not be necessary to determine fair value of new awards once the underlying shares begin trading.

33. **Please be advised that to the extent the estimated IPO price is expected to differ significantly from the most recent fair value determined, please discuss in detail the significant factors and events contributing to the significant changes in fair value of the underlying stock leading up to the expected IPO. This discussion should generally explain any significant intervening events and reasons for changes in assumptions, as well as the weighting of expected outcomes that resulted in the changes in the fair value of your shares and related stock-based compensation. Refer to the guidance outlined in section 14.13 of the AICPA Audit and Accounting Guide, Valuation of Privately- Held- Company Equity Securities Issued As Compensation.**

Response:

As previously disclosed on page 60, the Company used the fair value of common stock as of December 26, 2012 to compute the fair value of the options granted in April and July 2013. The subsequent increase in the value of the Company's common stock during 2013 related largely to the increase in EBITDA multiples that comparable public companies were trading at, higher multiples that recent transactions have been priced at, the increase in the Company's revenue and EBITDA growth rates used in the December 2013 valuation (based upon two years of consistent revenue growth) and the successful refinancing that was completed in October 2013, which reduced the Company's interest expense by over 40% and provided additional liquidity to grow the business. Furthermore, the Company reduced the discount for lack of marketability between 2012 and 2013, based on the increase in the potential for an IPO at the end of 2013. There were no changes in the weightings for the income and market based approaches. In terms of the expected change in value after December 25, 2013, as the Company moves closer towards the proposed offering, the Company expects that the discount for lack of marketability will decrease further. Revenues and net income for the latest interim period are ahead of budget and this will also contribute to an increase in the fair value of our common stock. The Company has added supplemental disclosure on page 61 related to the aforementioned comment.

Business, page 57

**34. We note from the last bullet point on page 57 that you present Adjusted EBITDA and refer to the "reconciliation table below." Please revise to either provide the appropriate reconciliation as disclosed or cross reference to the appropriate reconciliation in another part of the document.**

Response:

In response to the Staff's comment, the Company has corrected its disclosure on page 62 to contain the correct cross-reference.

Our Competitive Strengths, page 58

**35. Please revise to disclose the basis for the statement that your "brand crosses over traditional age, ethnic and income demographics." We also note reference to your "broad appeal" on page 3 and elsewhere.**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on pages 3 and 63 to add that the statement is based on an external research report and an external customer satisfaction survey. The Company is supplementally furnishing to the Staff under a separate cover copies of an external research report by Sandleman Edge and a customer satisfaction survey by MarketForce.

**Our Growth Strategy, page 60**

**This Bird is “En Fuego,” page 60**

**Expand Our Restaurant Base, page 60**

**36. Please revise here to disclose your “average restaurant unit volumes and cash-on-cash returns for new company-operated restaurants.”**

**Response:**

In response to the Staff’s comment, the Company has expanded its disclosure on pages 5 and 65 to include “average restaurant unit volumes and cash-on-cash returns for new company-operated restaurants.”

**Increase Our Comparable Restaurant Sales, page 60**

**37. Please revise to describe in quantitative terms the “the continuous increase we see in recruitment from new and lapsed users.”**

**Response:**

In response to the Staff’s comment, the Company has expanded its disclosure on pages 5 and 66 to remove the word “continuous” and to quantify the increase in new and lapsed users.

**38. Please describe the “My Loco Rewards” program in more detail. In addition, please quantify the “increase in frequency from existing guests” in the last sentence on page 60.**

**Response:**

In response to the Staff’s comment, the Company has expanded its disclosure on page 71 to describe the “My Loco Rewards” program in more detail. The Company has removed the language “increase in frequency from existing guests.”

**Purchasing and Distribution, page 65**

**39. Refer to your disclosure about your primary distributor on page 66. If in some cases you use only one supplier for a particular product, please identify the sole-source supplier and the products or components it supplies to you. In addition, please name the two poultry suppliers accounting for approximately 90% of your planned purchases for 2014.**

Response:

The Company respectfully advises the Staff that it does not believe it is materially dependent on any of its suppliers, even in cases where it currently uses a single supplier, because it has a large number of supplier relationships and believes that its actual and potential suppliers operate in a competitive marketplace and therefore can be easily replaced if needed. Furthermore, the Company carries out a tender process for its supplier contracts annually, resulting in frequent turnover of suppliers. If any supplier were to cease to provide the required product, the Company believes it would be able to promptly replace such supplier without any material disruption to its business. For these reasons, the Company respectfully advises the Staff that it does not consider its supplier relationships and contracts to be material and that therefore it does not believe that it is required to identify its suppliers, including its two poultry suppliers.

**Competition, page 66**

- 40. Please provide us support for your statement that you have a “leading market position in the greater Los Angeles market in share of chicken chain visits.” In doing so please also tell us how “chicken chains” are defined and list companies included in this category of restaurants.**

Response:

The Company has removed the statement that it has a “leading market position in the greater Los Angeles market in share of chicken chain visits.”

**Legal Proceedings, page 68**

- 41. Please revise to state the dollar amount of relief sought in the class action filed on or about February 24, 2014.**

Response:

In response to the Staff’s comment, the Company has expanded its disclosure on page 73 to state that no specific amount of damages sought was specified in the complaint.

**Executive Compensation, page 74**

**Elements of Compensation, page 75**

**Equity Grants, page 75**

- 42. We note that your stock option plans provide for call rights and put rights in certain circumstances. Please tell us and revise the notes to your financial statements to disclose the nature and terms of these rights, including the circumstances under**

**which the rights may be exercised. Your response and revised disclosure should include how you accounted for such rights in your financial statements. We may have further comment upon receipt of your response.**

Response:

In response to the Staff's comment the Company has added similar disclosure to the notes to the financial statements on page F-24. Set forth below is a discussion of the accounting for the put and call options.

Put Rights

In accordance with the Company's Stockholders Agreement, if prior to a qualified public offering, a participant leaves the Company for certain reasons ("good reason", termination without cause, death or disability) then they can, within 90 days following the termination date, require the Company to purchase the shares held by the participant, including shares acquired upon option exercises at fair market value. The Company can however extend this redemption indefinitely based on the good faith judgment of the Board of Directors that such purchase would not be prudent in the light of the financial condition of the Company.

The Company analyzed these grants under the two conditions in ASC 718-10-25-11 to determine if classification as liabilities was required since the shares underlying the options are contingently puttable. Since the underlying shares are not liabilities the first criteria does not trigger liability classification. The contingent events that trigger the put option – termination without cause, termination for "good reason" (demotion, reduction in pay, relocation of the Company), death or disability, are not within an individual employee's control. So the option awards are liabilities only when one of these conditions is probable. The probability assessment was performed each period on an individual grantee-by-grantee basis and it was concluded that the contingent events are not probable. Accordingly, the stock option grants are classified within equity.

The Company then assessed whether these option awards should be classified as temporary equity in accordance with ASC 480-10-S99. Since the redemption of the shares underlying the options are not within the control of the Company, it concluded that the options should be classified in temporary equity. Based on the guidance in footnote 86 of SAB Topic 14 and ASC 480-10-S99-3A, the redemption amount that would be classified in temporary equity is based on the intrinsic value of the option. Since the Company's options are granted at-the-money and the underlying shares are contingently redeemable, the initial redemption amount on the grant date is zero because the intrinsic value is zero. If the event that permits redemption is not probable of occurrence, ASC 480-10-S99-3A(15) states that "subsequent adjustment of the amount presented in temporary equity is unnecessary if it is not probable that the instrument will become redeemable." Therefore the Company believes that no adjustment to the initial redemption amount is required until the contingent event becomes probable.

For stock awards granted, the fair value on the grant date should be shown as mezzanine equity (assuming the award is fully vested) since the redemption is not within the Company's control. No accretion is needed since the shares are not currently redeemable and it is not probable that they will become redeemable. The total outstanding shares subject to mezzanine treatment is 4,832 shares or \$267,793 as of March 26, 2014. The Company believes that this amount is not material to the Company's financial statements and is therefore classified in permanent equity. In addition, as per the agreement, once the proposed offering is completed, none of these shares will be puttable.

#### Call Rights

In accordance with the Company's Stockholders Agreement, if prior to a qualified public offering, a participant leaves the Company for various reasons (voluntary resignation (other than retirement) or termination for cause (as defined in the agreement)) then the Company can, within 90 days following the termination date, call the shares held by the participant, including shares acquired upon option exercises, at a price equal to the lesser of cost or fair market value of the shares. If prior to a qualified public offering, the employee leaves the Company for any reason not covered by the above (such as retirement, death, disability, etc.) then the Company can, within 90 days following the termination date, call such shares at a price equal to the fair market value of shares.

The Company analyzed the call rights under ASC 718-10-25-15. The Company has sufficient authorized capital and has the ability to deliver shares. In addition, the Company does not have a practice of repurchasing shares for cash or whenever requested by an employee. Accordingly, the call options do not preclude permanent equity classification of the option awards. Since the call option is within the Company's control, it does not trigger mezzanine classification. In addition, as per the agreement, once the proposed offering is completed, none of these shares will be callable.

- 43. Please reconcile for us the outstanding equity options awards and exercise prices as of December 25, 2013 presented in the table on page 75 with the information provided in the table on page 55, summarizing by grant, the stock options granted since December 26, 2012, and their associated per share prices.**

#### Response:

In response to the Staff's comment, the Company is supplementally furnishing to the Staff under the requested reconciliation of the outstanding equity options awards and exercise prices.

#### Certain Relationships and Related Party Transactions, page 78

#### Monitoring and Management Services Agreement, page 79

- 44. We note in connection with the offering you will incur fees to terminate the management agreements with Trimaran and Freeman Spogli. Please be advised that**

**the termination fee is considered a distribution to owners in contemplation of the IPO. If the termination fee is not already reflected in your latest balance sheet, you are required to present a pro forma balance sheet reflecting the distribution accrual, alongside the historical balance sheet.**

Response:

The Company respectfully advises the Staff that Trimaran and Freeman Spogli have represented to it that they will waive their rights to collect the termination fee. In light of this, the Company has removed reference to the fee from the Revised Registration Statement, and does not believe that additional pro forma or financial statement disclosures are required.

- 45. Furthermore, as it appears that the distribution will be paid out of proceeds of the offering rather than current year's earnings, pro forma per share data should be presented giving effect to the number of shares whose proceeds would be necessary to pay the dividend in addition to historical EPS. The number of shares to be added to the denominator for purposes of pro forma per share data should not exceed the total number of shares to be issued in the offering. Refer to SAB Topic 1.B.3. Please confirm your understanding and revise your financial statements accordingly.**

Response:

The Company respectfully advises the Staff that Trimaran and Freeman Spogli have represented to it that they will elect to waive their rights to collect the termination fee. In light of this, the Company has removed reference to the fee from the Revised Registration Statement, and does not believe that additional pro forma or financial statement disclosures are required.

**Principal Stockholders, page 80**

- 46. Please revise footnote 2 to the table to disclose the natural persons who have voting and investment control of the shares beneficially owned by Investment funds affiliated with Freeman Spogli & Co.**

Response:

In response to the Staff's comment, the Company has revised the Freeman Spogli footnote on page 86 to disclose the natural persons who have voting and investment control of the shares beneficially owned by Investment funds affiliated with Freeman Spogli & Co.

**Common Stock, page 82**

- 47. We note your disclosure that "[a]ll shares of common stock to be outstanding upon completion of this offering will be fully paid and non-assessable." This statement appears to be a legal conclusion that the company is not qualified to make. Please revise to name legal counsel and provide an appropriate consent or advise.**

Response:

In response to the Staff's comment, the Company has removed the quoted language.

**Financial Statements, page F-1**

**Notes to Consolidated Financial Statements, page F-8**

**2. Summary of Significant Accounting Policies, page F-9**

**Accounts and Other Receivables, Net, page F-10**

- 48. We note from your disclosure on page F-9 that allowance for doubtful accounts is a significant estimate, among other estimates, required to be made by management. In this regard, please disclose your policy for estimating allowance for doubtful accounts and amount recognized for each period presented. Refer to 5-02(4) of Regulation S-X.**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page F-10 under Accounts and Other Receivables, Net to indicate that the need for an allowance for doubtful accounts is reviewed on a specific identification basis and is based upon past due balances and the financial strength of the obligor and that bad debt expense was immaterial for the years ended December 25, 2013 and December 26, 2012. The Company has also deleted under Use of Estimates on page F-9 the reference to "allowances for doubtful accounts."

**Restaurant and Franchise Revenue, page F-12**

- 49. We note from your disclosure on page 40 that company-operating restaurant revenue consists of sales of food and beverage in company-operated restaurants net of promotional allowances. In this regard, please revise the notes to your financial statements to disclose your accounting policy for recognizing promotional allowances. If material, disclose the amounts recognized for each period presented.**

Response:

In response to the Staff's comment, the Company has expanded its disclosure on pages 55 and F-12 to indicate that sales are net of sales-related taxes and promotional allowances and it has disclosed the amounts for each of the periods presented.



**Gift cards, page F-13**

- 50. We note that you recognize revenue from gift cards when redeemed by the customer. Please tell us whether you have recognized any unredeemed gift card amounts due to breakage. If so, please revise to disclose your policy for determining and recognizing gift card breakage.**

Response:

The Company respectfully advises the Staff that it has not recognized any unredeemed gift card amounts due to breakage.

**6. New Credit Agreements, page F-18**

- 51. We note in conjunction with your 2013 refinancing you recognized a loss from early extinguishment of debt in the amount of \$21.4 million during 2013. In this regard, please tell us how the guidance in ASC 470-50-40 was considered in determining concluding the appropriate accounting treatment for the 2013 refinancing was debt extinguishment rather than a modification.**

Response:

The Company has evaluated the accounting under both ASC 470-50 and ASC 405-20 and determined that the transaction was within the scope of ASC 405-20. The old loans were paid in full and the creditors in the old debt arrangements were not required to reinvest in the new debt arrangements. This transaction does not fall under ASC 470-50-40 since this is not a refinancing of the debt with the same creditors. Accordingly, upon repayment in full the loans were extinguished in accordance with ASC 405-20-40-1 and the resulting loss on extinguishment recorded for these loans.

**12. Stock-Based Compensation, page F-22**

- 52. We note from your disclosure that the vesting of your outstanding stock options may be accelerated upon the occurrence of an initial public offering as deemed appropriate at the sole discretion of the board. To the extent the board plans to accelerate vesting, please revise your MD&A to disclose the amount of compensation expense you expect to recognize at the time of the initial public offering.**

Response:

The Company respectfully advises the Staff that its board of directors has no present intention to accelerate vesting of any stock options, and therefore it does not believe additional disclosures are necessary.

**15. Related Party Transactions, page F-26**

53. We note from page 24 that after the offering, Trimaran and Freeman Spogli will indirectly beneficially own shares sufficient for majority votes over matters requiring stockholder votes. In this regard, please revise your notes to the financial statements to disclose the control relationship or significant influence over your operations that currently exists and that will continue to exist following the completion of the offering. Refer to the disclosure requirements outlined in ASC 850-10-50.

Response:

In response to the Staff's comment, the Company has expanded its disclosure on page F-26 to disclose the control relationship over its operations that currently exists and that will continue to exist following the completion of the offering.

**Part II**

**Item 16. Exhibits and Financial Statement Schedules, page II-3**

54. We note your disclosure on page F-25 that you have employment agreements with five officers. We also note that you intend to file employment agreements as exhibits to your registration statement for three executive officers. Please tell us whether the additional two agreements were also signed with executive officers.

Response:

The Company respectfully advises the Staff that it has employment agreements with only four officers and has revised its disclosure accordingly. In response to the Staff's comment, the Company intends to file the fourth employment agreement as an exhibit to the Revised Registration Statement.

\* \* \*

Please do not hesitate to contact the undersigned at (212) 735-4112 with any questions or comments regarding this letter.

Sincerely,

/s/ Richard B. Aftanas

Richard B. Aftanas

cc: Laurance Roberts, Chief Financial Officer, El Pollo Loco Holdings, Inc.  
Marc D. Jaffee, Latham & Watkins LLP  
Ian D. Schuman, Latham & Watkins LLP