

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
AMENDMENT NO. 2  
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	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Common Stock, par value \$0.01 per share	8,214,286	\$15.00	\$123,214,290	\$15,871

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(a) under the Securities Act of 1933, as amended. Includes the 1,071,429 shares of common stock that the underwriters have the option to purchase pursuant to their option to purchase additional shares.

(2) \$12,880 previously paid.

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





# *Fresh Ingredients • Hacienda Design*



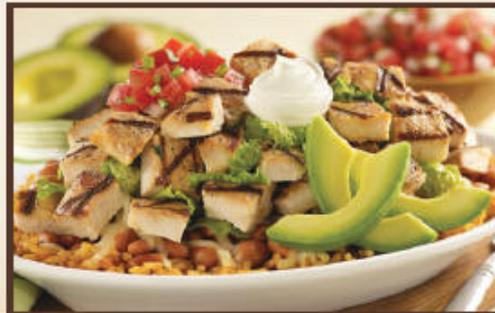
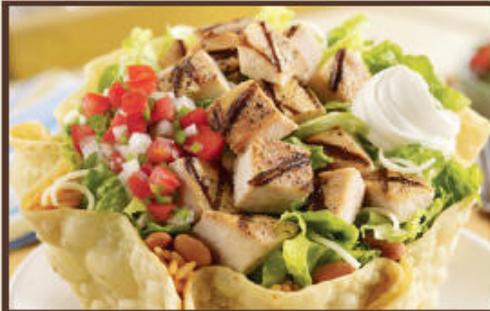
## *Mexican-Inspired Menu*

FIRE-GRILLED CHICKEN

BURRITOS & TACOS

SOUPS & SALADS

QUESADILLAS & BOWLS



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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., a Delaware corporation, incorporated in 2005, the issuer of the common stock in this offering, and its subsidiaries;
- “Intermediate” refers to our direct, wholly owned subsidiary, EPL Intermediate, Inc.;
- “EPL” or “El Pollo Loco” refers to El Pollo Loco, Inc., which does not have any subsidiaries and is Intermediate’s sole subsidiary;
- “Trimaran” refers to Trimaran Capital Partners, its predecessors and, where applicable, certain funds managed by Trimaran;
- “Freeman Spogli” refers to Freeman Spogli & Co. and, where applicable, certain funds managed by Freeman Spogli;
- “LLC” refers to Trimaran Pollo Partners, L.L.C., an affiliate of Trimaran and Freeman Spogli and our majority stockholder;
- “our restaurant system” refers to both company-operated and franchised restaurants, and the number of restaurants presented in our restaurant system, unless otherwise indicated, is as of 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. Restaurant contribution margin is defined as restaurant contribution as a percentage of net company-operated restaurant revenue. Restaurant contribution and restaurant contribution margin are supplemental measures of operating performance of our restaurants and our calculations thereof may not be comparable to those reported by other companies. Restaurant contribution and restaurant contribution margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Management believes that restaurant contribution and restaurant contribution margin are important tools for investors because they are widely-used metrics within the restaurant industry to evaluate restaurant-level productivity, efficiency and performance. Management uses restaurant contribution and restaurant contribution margin as key metrics to evaluate the profitability of incremental sales at our restaurants, to evaluate our restaurant performance across periods and to evaluate our restaurant financial performance compared with our competitors. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of restaurant contribution and restaurant contribution margin and other key performance indicators.

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

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

Unless otherwise indicated, the information presented in this prospectus assumes (i) an initial public offering price of \$14.00 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 option to purchase additional shares.

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

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

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

## **TRADEMARKS AND COPYRIGHTS**

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

## PROSPECTUS SUMMARY

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

### Our Company

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

El Pollo Loco is a differentiated and growing restaurant concept that specializes in fire-grilling citrus-marinated chicken in front of our customers. We operate within the fastest growing segment of the restaurant industry, the limited service restaurant (“LSR”) segment. We believe we offer the quality of food typical of fast casual restaurants while providing the speed, convenience and value typical of traditional QSRs, a combination which we call “QSR+” and which provides a value-oriented fast casual dining experience. Our distinctive menu features our signature product—citrus-marinated fire-grilled chicken—and a variety of Mexican-inspired entrees that we create from our chicken. Every day in every restaurant’s kitchen we marinate and fire-grill our chicken over open flames, hand-slice whole tomatoes, avocados, serrano peppers and cilantro to make our salsas, guacamole and cilantro dressings from scratch. The open design of our kitchens reveals our Mexican-inspired cooking process and allows our customers to watch our Grill Masters and team members fire-grill and hand-cut our signature chicken, as well as make burritos, salads, tostadas, bowls, stuffed quesadillas and chicken entrees.

We offer our customers healthier alternatives to traditional food on the go, served by our engaging team members in a colorful, bright and contemporary restaurant environment. We serve individual and family-sized chicken meals, a variety of Mexican-inspired entrees, sides, and, throughout the year, on a limited-time basis, alternative proteins like shrimp, carnitas and beef. Our entrees include favorites such as our Poblano Burrito, Under 500 Calorie Mango Grilled Tostada, Ultimate Pollo Bowl, Grand Baja Shrimp Tacos and Chicken, Bacon and Guacamole Stuffed Quesadilla. Our freshly-prepared salsas and dressings are prepared daily allowing our customers to create their favorite flavor profiles to enhance their culinary experience. Our distinctive menu with healthier alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced composition of sales throughout the day (our “day-part mix”), including at lunch and dinner.

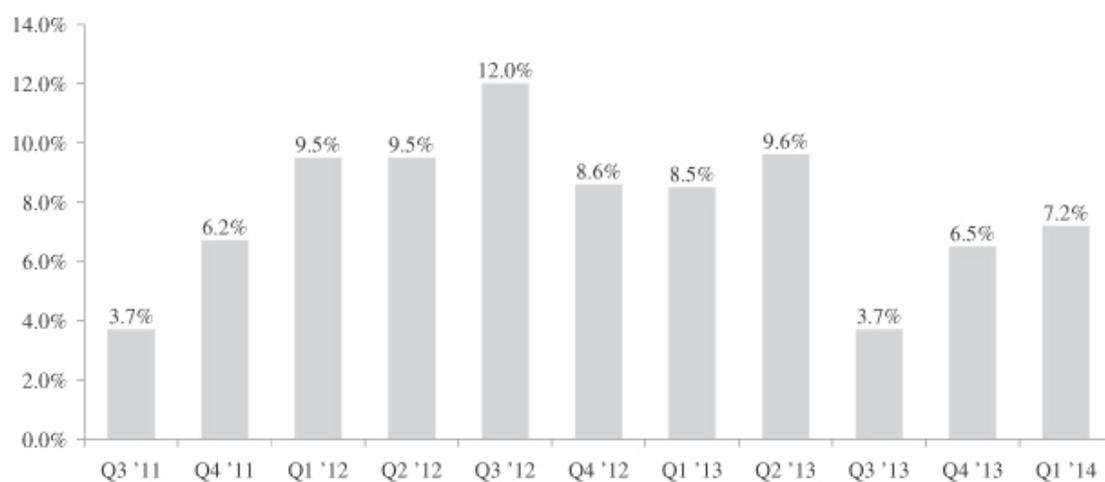
El Pollo Loco is Spanish for “The Crazy Chicken.” We opened our first location on Alvarado Street in Los Angeles, California in 1980, and have grown our restaurant system to 401 restaurants, comprised of 168 company-operated and 233 franchised restaurants as of March 26, 2014. Our restaurants are located 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 company-operated restaurant revenue of \$294.3 million and \$76.2 million and 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 affordable prices we offer our customers drive 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 230 basis points to 21.0% 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 22.1%; 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**



**Our Industry**

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

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

## Our Competitive Strengths

### *Putting the “Loco” in El Pollo Loco*

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

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

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

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

*Inviting Experience That Welcomes Our Customers.* We believe our new Hacienda restaurant design creates an inviting restaurant environment. The exteriors of our restaurants feature a signature grill architectural element that reinforces our core brand, and our interiors feature large, open kitchens that allow customers to watch our

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

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

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

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

*Experienced Leadership.* Our senior management team has extensive operating experience, with an average of over 20 years of experience each in the restaurant industry. We are led by our Chief Executive Officer, Steve Sather, who joined us in 2006. Since naming Steve our CEO in January 2011, we have further enhanced our senior leadership team by adding Larry Roberts as our Chief Financial Officer, Ed Valle as our Chief Marketing Officer and Kay Bogeajis as our Chief Operating Officer. Under Steve's direction, the team has added new layers of revenue through menu innovation, as well as redefined our marketing strategy and enhanced the customer experience. These initiatives have resulted in comparable restaurant sales growth that has outperformed both the QSR and the fast casual segments in each of the past 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 strong unit economics. We plan to continue to expand our business and drive restaurant sales growth, improve margins and enhance our competitive positioning by executing on the following strategies:

*Expand Our Restaurant Base.* We believe we are in the early stages of our growth story with 401 current locations in five states, as of March 26, 2014, and estimate, based on internal analysis and a study prepared by Buxton Co., a long-term total restaurant potential in the United States of approximately 2,300 locations. For the

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

We believe our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results and high returns on invested capital. Our current new restaurant investment model targets an average total cash investment of \$1,360,000, net of tenant allowances, an AUV of approximately \$1.8 million and a cash-on-cash return in excess of 25% in a restaurant’s third full year of operations, although there is no guarantee that these targets will be met. We closed six restaurants in 2011, did not close any in 2012, and closed three in 2013. We did not open any new restaurants in 2011, but opened four in 2012 and two in 2013. For the year ended December 25, 2013, these new restaurants had weekly AUVs averaging \$33,900 and annualized cash-on-cash returns of over 25%. 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 35%. 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 over 325 potential new trade areas for restaurant development. As we continue to increase and strengthen our position in our core markets, we also intend to expand our presence into key, contiguous new markets. We believe a contiguous market expansion strategy will provide us with an attractive opportunity to leverage our brand awareness and infrastructure while increasing our geographic presence. After thoroughly researching potential new markets in the Southwest region, we have selected Houston, Texas as our next new market. In Houston, we have identified an initial 80 trade areas for potential restaurant development by us or our franchisees over the next several years, and we believe 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 adapt our menu to create entrees that complement our signature fire-grilled chicken and that reinforce our differentiated QSR+ positioning. We believe we have opportunities for menu innovation as we look to provide customers more choices through customization and limited time alternative proteins, such as carne asada. In addition, we will continue to tap in to the need for healthier offerings by building on the success of our recently launched “Under 500 Calorie” menu and other “better for you” products. Our marketing and operations teams collaborate to ensure that the items developed in our test kitchen can be executed to our high standards in our restaurants with the speed and value that our customers have come to expect.

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

We believe our messaging and communication channels work synergistically and have resulted in a 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 340 basis points, to 22.1%. We believe we can further improve our margins by maintaining fiscal discipline, increasing fixed-cost leverage and enhancing our purchasing efforts. We currently have an infrastructure that allows us and our franchisee partners to grow and manage the productivity of each restaurant on a real-time basis. Additionally, we believe, as our restaurant base matures and AUVs increase, we will be able to leverage corporate costs and improve margins, as general and administrative expenses grow at a slower rate than our revenues.

### **Recent Developments**

#### ***Preliminary Financial Information for the Quarter Ending June 25, 2014***

We are currently finalizing our unaudited interim financial statements at and for the thirteen weeks ended June 25, 2014, including our results of operations for that period. While financial statements as of and for such period are not available, based on the information currently available to management, we preliminarily estimate that for the thirteen weeks ended June 25, 2014, total revenue was between \$86.4 million and \$86.9 million compared with \$81.7 million for the thirteen weeks ended June 26, 2013; income from operations was between \$12.4 million and \$12.9 million compared with \$12.2 million for the thirteen weeks ended June 26, 2013; and comparable restaurant sales growth was between 4.9% and 5.0% compared with 6.9% for the thirteen weeks ended June 26, 2013.

Our estimated increase in total revenue for the thirteen weeks ended June 25, 2014, as compared to the thirteen weeks ended June 26, 2013, was due primarily to an increase in company-operated comparable restaurant sales, split fairly evenly between growth in average check size and growth in transaction volumes. Total revenue was also favorably impacted by higher franchise revenue, due primarily to higher franchised comparable restaurant sales, as well as to additional sales from two new restaurants that opened in the third quarter of 2013 and from one new restaurant that opened in the second quarter of 2014.

Our estimated increase in income from operations was due primarily to increases in company-operated restaurant revenue and in franchise revenue, which were partially offset by a one-time charge of \$0.3 million related to the cancellation of a franchise agreement.

The preliminary financial information above is unaudited and there can be no assurance that it will not vary from our actual financial results as of and for the thirteen weeks ended June 25, 2014. The preliminary financial information above reflects estimates based only on preliminary information available to us as of the date of this prospectus, has not been subject to our normal quarterly closing procedures and adjustments, which may be material, and is not a comprehensive statement of our financial results for the thirteen weeks ended June 25, 2014. Accordingly, you should not place undue reliance on these preliminary estimates. The preliminary financial information should not be viewed as a substitute for full interim financial statements prepared in accordance with accounting principles generally accepted in the United States of America. The estimates above are not necessarily indicative of any future period and should be read together with "Risk Factors," "Special Note Regarding Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Historical Consolidated Financial Data" and our consolidated financial statements and notes thereto included elsewhere in this prospectus. The preliminary financial information above has been prepared by, and is the responsibility of, our management. Our independent registered public

accounting firm has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial information and does not express an opinion or any other form of assurance with respect thereto.

#### ***Texas Franchisee Transaction***

On July 8, 2014, we agreed to sell six Company-operated restaurants located in the greater San Antonio area to AA Pollo, Inc., a Texas corporation (“AA Pollo”). The sale is expected to close on September 4, 2014. In connection with this sale, AA Pollo has entered into an exclusive development agreement with us to develop and open eight El Pollo Loco restaurants in the greater San Antonio area. We are also in discussions with AA Pollo regarding additional development opportunities.

#### **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**

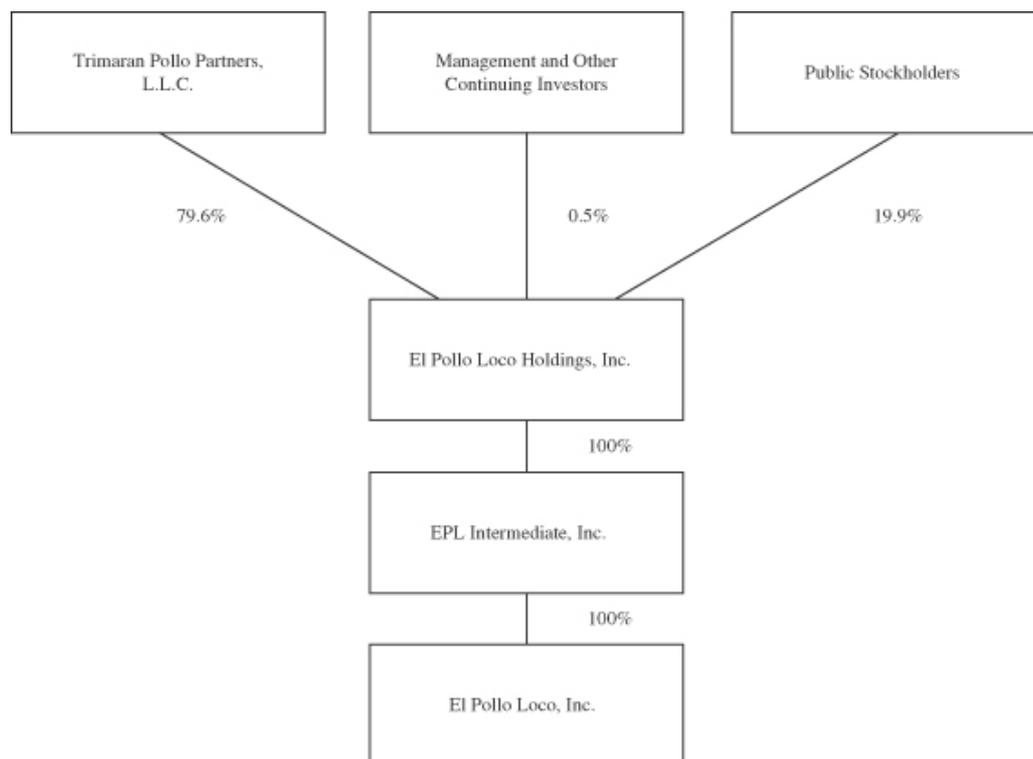
As a company with less than \$1.0 billion in revenue during our last fiscal year, we qualify as an “emerging growth company,” as defined in the Jumpstart our Business Startups Act of 2012 (the “JOBS Act”). An emerging growth company may take advantage of specified reduced reporting requirements and is 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<sup>(1)</sup>:



(1) Does not include any outstanding stock options or shares reserved for issuance under our equity incentive plans.

### 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 46.0% of our outstanding common stock, or 44.6% if the underwriters fully exercise their option to purchase additional shares.

Freeman Spogli is a private equity firm dedicated exclusively to investing and partnering with management in consumer-related and distribution companies in the United States. Since its founding in 1983, Freeman Spogli has invested \$3.3 billion of equity in 50 portfolio companies with aggregate transaction values of \$20 billion. Following the completion of this offering, Freeman Spogli will beneficially own, through LLC, approximately 26.3% of our outstanding common stock, or 25.6% if the underwriters fully exercise their option to purchase additional shares.

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

In connection with this offering, we will enter into an income tax receivable agreement with our existing stockholders. Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize the full tax benefits subject to the income tax receivable agreement, we expect that future payments under the income tax receivable agreement will total between approximately \$39.0 million and \$41.0 million.

## THE OFFERING

<b>Issuer</b>	El Pollo Loco Holdings, Inc.
<b>Shares of common stock we are offering</b>	7,142,857 shares (or 8,214,286 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 1,071,429 additional shares of common stock.
<b>Shares of common stock to be issued and outstanding after this offering</b>	35,858,407 shares (or 36,929,836 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 \$90.3 million (assuming the shares are offered at \$14.00 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. Morgan Stanley & Co. LLC 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. Morgan Stanley & Co. LLC will not receive any additional fees for serving as a qualified independent underwriter in connection

with this offering. We have agreed to indemnify Morgan Stanley & Co. LLC against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. See “Underwriting (Conflicts of Interest)—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 28,715,550 shares of our common stock issued and outstanding as of July 14, 2014, and excludes additional 1,573,601 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 \$14.00 per share, the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus;
- assumes no exercise by the underwriters of their option to purchase additional 1,071,429 shares of our common stock from us; and
- gives effect to an 8.56381-for-1 common stock split effected on July 14, 2014.

## SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table contains summary historical consolidated historical financial and other data as of and for the fiscal years ended December 25, 2013 and December 26, 2012, derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statement of operations and cash flow data set forth below for the year ended December 28, 2011, are derived from audited consolidated financial statements of ours not included in this prospectus. The summary consolidated statements of operations and cash flow data for the 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 <sup>(1)</sup>		
	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	\$ 0.19	\$ (0.00)	\$ (0.59)	\$ (0.27)	\$ (1.35)
Diluted	\$ 0.18	\$ (0.00)	\$ (0.59)	\$ (0.27)	\$ (1.35)
Weighted average shares used in computing net income (loss) per share					
Basic	28,712,622	28,712,622	28,712,622	28,712,194	24,106,380
Diluted	30,246,332	28,712,622	28,712,622	28,712,194	24,106,380
<b>Pro Forma Net Income and Per Share Data:</b>					
Pro forma net income	\$ 8,153	\$ 7,083	\$ 7,921		
Pro forma net income per share <sup>(2)</sup>					
Basic	\$ 0.23	\$ 0.20	\$ 0.22		
Diluted	\$ 0.22	\$ 0.20	\$ 0.21		
Weighted average shares used in computing pro forma net income per share <sup>(3)</sup>					
Basic	35,855,479	35,855,479	35,855,479		
Diluted	37,389,189	36,249,166	37,343,850		
<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(4)
<b>Balance Sheet Data—Consolidated (at period end):</b>		
Cash and cash equivalents	\$ 20,397	\$ 9,147
Net property(5)	70,703	70,703
Total assets	420,917	406,917
Total debt(6)	288,796	189,713
Total stockholders' equity	\$ 54,175	\$ 139,258

	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(7)					
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(8)	\$16,833	\$14,779	\$61,919	\$54,458	\$47,635
as a percentage of restaurant revenue	22.1%	20.5%	21.0%	19.8%	18.7%
EBITDA(9)	\$14,105	\$12,288	\$31,075	\$42,582	\$16,438
Adjusted EBITDA(9)	\$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(10)	\$ 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 \$14.00 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 and of unamortized discount in the amounts of \$2.8 million and \$0.9 million, respectively, 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 the thirteen weeks ended March 26, 2014, the thirteen weeks ended March 27, 2013 and fiscal 2013:

	Thirteen Weeks Ended		Fiscal Year Ended
	March 26, 2014	March 27, 2013	2013
	(Amounts in thousands)		
Net income (loss) as reported	\$ 5,470	\$ (60)	\$ (16,873)
Management fees and expenses	158	155	624
Decrease in interest expense(a)	2,525	6,988	24,170
Pro forma net income	\$ 8,153	\$ 7,083	\$ 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 the thirteen weeks ended March 26, 2014, the thirteen weeks ended March 27, 2013 and fiscal 2013:

	Thirteen Weeks Ended		Fiscal Year Ended
	March 26, 2014	March 27, 2013	2013
	(Amounts in thousands)		
Interest expense, net, as reported	\$ 5,623	\$ 9,780	\$ 36,334
Decrease attributable to the 2013 Refinancing(a)	—	4,463	14,132
Decrease attributable to this offering(b)	2,525	2,525	10,038
Pro forma interest expense, net	\$ 3,098	\$ 2,792	\$ 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) The following is a reconciliation of historical pro forma weighted average shares used in computing pro forma net income per share for the thirteen weeks ended March 26, 2014, the thirteen weeks ended March 27, 2013 and fiscal 2013:

	Thirteen Weeks Ended		Fiscal Year Ended
	March 26, 2014	March 27, 2013	2013
<b>Weighted average shares used in computing net income per share:</b>			
Outstanding shares of common stock	28,712,622	28,712,622	28,712,622
Shares of common stock included in this offering	7,142,857	7,142,857	7,142,857
Shares of common stock following this offering	35,855,479	35,855,479	35,855,479
Dilution related to outstanding stock options	1,533,710	393,687	1,488,371
Total	37,389,189	36,249,166	37,343,850

- (4) 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 \$14.0 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 \$14.0 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 \$6.6 million, 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 \$13.0 million, assuming the assumed initial public offering price of \$14.0 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.
- (5) Net property consists of property owned, net of accumulated depreciation and amortization.
- (6) 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.
- (7) 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.
- (8) Restaurant contribution is neither required by, nor presented in accordance with, GAAP, and is defined as company-operated restaurant revenue less company-operated restaurant expenses. Restaurant contribution is a supplemental measure of operating performance of our restaurants and our calculation thereof may not be comparable to that reported by other companies. Restaurant contribution has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Management believes that restaurant contribution is an important tool for investors because it is a widely-used metric within the restaurant industry to evaluate restaurant-level productivity, efficiency and performance. Management uses restaurant contribution as a key metric to evaluate the profitability of incremental sales at our restaurants, to evaluate our restaurant performance across periods and to evaluate our restaurant financial performance compared with our competitors. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of restaurant contribution and other key performance indicators.
- A reconciliation of restaurant contribution to company-operated restaurant revenue is provided below:

	Thirteen Weeks Ended		Fiscal Year Ended		
	March 26, 2014	March 27, 2013	2013	2012	2011
	(Amounts in thousands)				
Company-operated restaurant revenue	\$ 76,213	\$ 72,069	\$ 294,327	\$ 274,928	\$ 255,361
Company restaurant expenses	(59,380)	(57,290)	(232,408)	(220,470)	(207,726)
Restaurant contribution	\$ 16,833	\$ 14,779	\$ 61,919	\$ 54,458	\$ 47,635

(9) 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.

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.

(10) 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 company-operated or franchised restaurants or establishing new markets, which could adversely affect our growth.***

One of the key means to achieving our growth strategy will be through opening new restaurants and operating those restaurants on a profitable basis. We opened two new restaurants in fiscal 2013 and plan to open an estimated eight to 10 new company-operated restaurants in fiscal 2014. Our franchisees opened five new restaurants in fiscal 2013 and plan to open an estimated four to six new franchised 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, all originally developed by franchisees, open east of the Rockies. However, by 2012, all of these restaurants had been closed. We may encounter similar issues with our current growth strategy, which could materially adversely affect our business, financial condition, results of operations and cash flow.

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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. These types of employee claims could also be asserted against us, on a co-employer theory, by employees of our franchisees. A significant increase in the number of these claims or an increase in the number of successful claims could materially adversely affect our business, financial condition, results of operations and cash flows.

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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 \$189.7 million (including capital lease obligations), which would have represented approximately 57.7% 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. Although we have developed criteria to evaluate and screen prospective developers and franchisees, we cannot be certain that the developers and franchisees we select will have the business acumen or financial resources necessary to open and operate successful franchises in their franchise areas, and state franchise laws may limit our ability to terminate or modify these franchise arrangements. Moreover, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other restaurant personnel. The failure of developers and franchisees to open and operate franchises successfully could have a material adverse effect on us, our reputation, our brand and our ability to attract prospective franchisees and could materially adversely affect our business, financial condition, results of operations and cash flows.

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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 and new laws mandating increases in minimum wages or mandated benefits such as health insurance could materially affect our business, financial condition, operating results or cash flow. Furthermore, the unionization of our employees and of the employees of our franchisees could materially affect our business, financial condition, operating results or cash flow.

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

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

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

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

Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations. In addition, they may generate negative publicity, which could reduce customer traffic and sales. Although we maintain what we believe to be adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims or any adverse publicity resulting from claims could adversely affect our business and results of operations.

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

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

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We have a substantial number of hourly employees who are paid wage rates at or based on the applicable federal or state minimum wage and increases in the minimum wage will increase our labor costs and the labor costs of our franchisees. Since July 1, 2014, the State of California (where most of our restaurants are located) has had a minimum wage of \$9.00 per hour. From January 1, 2008, to June 30, 2014, it had been \$8.00 per hour. It is scheduled to rise to \$10.00 per hour on January 1, 2016. The federal minimum wage has been \$7.25 per hour since July 24, 2009. Either federally-mandated 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. Also, reduced margins of franchisees could make it more difficult to sell franchises. And if menu prices are increased by us and our franchisees to cover increased labor costs, the higher prices could adversely affect sales and thereby reduce our margins and the royalties that we receive from franchisees.

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

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

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

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

We and our franchisees are subject to extensive government regulation at the federal, state and local government levels. These include, but are not limited to, regulations relating to the preparation and sale of food, zoning and building codes, franchising, land use and employee, health, sanitation and safety matters. We and our franchisees are required to obtain and maintain a wide variety of governmental licenses, permits and approvals. Difficulty or failure in obtaining them in the future could result in delaying or canceling the opening of new restaurants. Local authorities may suspend or deny renewal of our governmental licenses if they determine that our operations do not meet the standards for initial grant or renewal. This risk would be even higher if there were a major change in the licensing requirements affecting our types of restaurants.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***We are required to pay our existing owners for certain tax benefits, which amounts are expected to be material.***

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

We expect that as a result of entering into the income tax receivable agreement, during its term, the payments that we may make under it could be material. Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize the full tax benefits subject to the income tax receivable agreement, we expect that future payments under the income tax receivable agreement will total between approximately \$39.0 million and \$41.0 million. Such amounts may differ materially from the amounts presented above based on various items.

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

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

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

## Risks Related to this Offering and Ownership of Our Common Stock

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

Following the completion of this offering, Trimaran and Freeman Spogli will indirectly beneficially own approximately 46.0% and 26.3%, respectively, of our outstanding common stock, or 44.6% and 25.6%, 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.

***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

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directors and such committees may not be subject to annual performance evaluations. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NASDAQ. See “Management.”

***We are a holding company with no operations and 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.

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.

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

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and of stockholder approval of any golden parachute payments not previously approved. We 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 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

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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;
- judicial pronouncements interpreting laws and regulations;
- changes in government programs;
- changes in market valuations of similar companies;
- speculation or reports by the press or investment community with respect to us or our industry in general;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic relationships, joint ventures or capital commitments; and
- general market, political and economic conditions, including 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

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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 35,858,407 shares of common stock outstanding, or 36,929,836 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 46.0% and 26.3% of our outstanding common stock, or 44.6% and 25.6% 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-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 (Conflicts of Interest)—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.”

***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 161,496,563 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 \$(18.82) per share, representing the difference between the initial public offering price of \$14.00 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;
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings; and
- provide that, on or after the date that LLC ceases to beneficially own at least 40% of the total votes eligible to be cast in the election of directors, a 75% supermajority vote will be required to amend or repeal provisions relating to, among other things, the classification of the board of directors, the filling of vacancies on the board of directors and the advance notice requirements for stockholder proposals and director nominations.

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

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- our limited degree of control over the actions of our franchisees;
- our potential responsibility for certain acts of our franchisees;
- our ability to protect our name and logo and other proprietary intellectual property;
- loss of the abilities, experience and knowledge of our existing directors and officers;
- matters relating to employment and labor laws;
- the impact of litigation, including wage and hour class action lawsuits;
- labor shortages or increases in labor costs;
- our ability and the ability of our franchisees to renew leases at the end of their terms;
- the impact of federal, state or local government regulations relating to the preparation and sale of food, zoning and building codes, and employee, environmental and other matters;
- the impact and effects of our income tax receivable agreement;
- conflicts of interest with Trimaran and Freeman Spogli;
- the fact that 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 7,142,857 shares of common stock offered hereby are estimated to be approximately \$90.3 million, or \$104.2 million if the underwriters exercise their option to purchase additional shares of common stock in full, assuming an initial public offering price of \$14.00 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 \$100 million of the outstanding principal amount of our Second Lien Term Loan Facility and \$1.5 million in prepayment penalties and fees with the proceeds from this offering and approximately \$11.3 million of available cash from our Consolidated Balance sheet. 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 \$14.00 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 \$6.6 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)—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 \$14.00 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	\$ 9,147
<b>Debt:</b>		
<b>Senior secured credit facilities:</b>		
Revolving credit facility <sup>(1)</sup>	\$ —	\$ —
First lien term loan facility <sup>(2)</sup>	188,662	188,662
Second lien term loan facility <sup>(3)</sup>	99,083	—
Capital leases	1,051	1,051
<b>Total debt</b>	<b>288,796</b>	<b>189,713</b>
<b>Stockholders’ equity:</b>		
Common stock, par value \$0.01 per share: 200,000,000 shares authorized and 28,715,550 shares issued and outstanding, actual; 200,000,000 shares authorized and 35,858,407 shares issued and outstanding, as adjusted	287	359
Additional paid-in capital	240,320	330,498
Accumulated deficit <sup>(4)</sup>	(186,432)	(191,599)
<b>Total stockholders’ equity</b>	<b>54,175</b>	<b>139,258</b>
<b>Total capitalization</b>	<b>\$ 342,971</b>	<b>\$ 328,971</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) Issued with \$950,000 of original issue discount.

(3) Issued with \$1.0 million of original issue discount.

(4) As adjusted accumulated deficit reflects expenses related to the write-off of deferred financing fees and of unamortized discount in the amounts of \$2.8 million and \$0.9 million, respectively, as well as \$1.5 million in prepayment penalties and fees, all 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 \$(257.9) million, or approximately \$(8.98) per share based on the 28,715,550 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 \$14.00 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 \$(172.8) million, or \$(4.82) per share (assuming no exercise of the underwriters' option to purchase additional shares). This represents an immediate and substantial dilution of \$4.16 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	\$ 14.00
Net tangible book value per share as of March 26, 2014	\$(8.98)
Increase in net tangible book value per share attributable to this offering	<u>4.16</u>
Pro forma as-adjusted net tangible book value per share after giving effect to this offering	<u>(4.82)</u>
Dilution per share to new investors in this offering	<u><u>\$(18.82)</u></u>

A \$1.00 increase (decrease) in the assumed initial public offering price of \$14.00 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 \$6.6 million, the pro forma as-adjusted net tangible book value per share after this offering by \$0.19 per share and the dilution to new investors in this offering by \$0.81 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 \$14.00 per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus).

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percentage	Amount	Percentage	
Existing stockholders	28,715,550	80.1%	\$236,357,000	70.3%	\$ 8.23
New investors	7,142,857	19.9%	\$ 99,999,998	29.7%	\$ 14.00
Total	35,858,407	100%	\$336,356,998	100.0%	

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 \$7.1 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 \$14.0 million and \$0.00 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 \$(4.30) per share and the dilution to new investors per share after this offering would be \$(18.30) 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	\$ 0.19	\$ (0.00)	\$ (0.59)	\$ (0.27)	\$ (1.35)
Diluted	\$ 0.18	\$ (0.00)	\$ (0.59)	\$ (0.27)	\$ (1.35)
Weighted average shares used in computing net income (loss) per share					
Basic	28,712,622	28,712,622	28,712,622	28,712,194	24,106,380
Diluted	30,246,332	28,712,622	28,712,622	28,712,194	24,106,380
<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 and growing restaurant concept that specializes in fire-grilling citrus-marinated chicken in front of our customers. We operate within the fastest growing segment of the restaurant industry, the LSR segment. We believe we offer the quality of food typical of fast casual restaurants while providing the speed, convenience and value typical of traditional QSRs, a combination which we call "QSR+" and which provides a value-oriented fast casual dining experience. Our distinctive menu features our signature product—citrus-marinated fire-grilled chicken—and a variety of Mexican-inspired entrees that we create from our chicken. We offer our customers healthier alternatives to traditional food on the go, served by our engaging team members in a colorful, bright and contemporary restaurant environment. We serve individual and family-sized chicken meals, a variety of Mexican-inspired entrees, sides, and, throughout the year, on a limited-time basis, alternative proteins like shrimp, carnitas and beef. Our entrees include favorites such as our Poblano Burrito, Under 500 Calorie Mango Grilled Tostada, Ultimate Pollo Bowl, Grand Baja Shrimp Tacos and Chicken, Bacon and Guacamole Stuffed Quesadilla. Our freshly-prepared salsas and dressings are prepared daily allowing our customers to create their favorite flavor profiles to enhance their culinary experience. Our distinctive menu with healthier alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced day-part mix.

### Growth Strategies and Outlook

We plan to continue to expand our business, drive restaurant sales growth and enhance our competitive positioning by executing on the following strategies:

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

We believe we are in the early stages of our growth story with 401 current locations in five states, as of March 26, 2014, and estimate, based on internal analysis and a study prepared by Buxton Co., a long-term total restaurant potential in the United States of approximately 2,300 locations. For the year ended December 25, 2013, we opened two new company-operated and five new franchised restaurants, and in 2014 we intend to open eight to 10 new company-operated and four to six new franchise restaurants across California, Nevada and Texas. Over the long term, we plan to grow the number of El Pollo Loco restaurants by 8% to 10% annually. To increase comparable restaurant sales, we plan to increase customer frequency, attract new customers and improve per person spend. We believe we are well positioned for future growth, with a developed corporate infrastructure capable of supporting a future restaurant base that is greater than our existing one. Additionally, we believe we have an opportunity to optimize costs and enhance our profitability as we benefit from economies of scale. These growth rates are not guaranteed.

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

For the 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 and our franchisees close restaurants and we anticipate closing one to two company-operated restaurants in fiscal 2014.

**Restaurant Remodeling**

We and our franchisees commenced our remodeling program in 2011 and, as of 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 (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. 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, and franchise field operational support.

#### ***Franchise Expenses***

Franchise expenses are primarily comprised of rent expenses incurred on properties leased by us and then sublet to franchisees and expenses incurred in support of franchisee information technology systems.

#### ***Depreciation and Amortization***

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

#### ***Loss on Disposal of Assets***

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

#### ***Asset Impairment and Close-Store Reserves***

We review long-lived assets such as property, equipment and intangibles on a unit-by-unit basis for impairment when events or circumstances indicate a carrying value of the assets that may not be recoverable and record an 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 to an increase in revenue, the relatively fixed nature of labor costs and the decrease in group health insurance expense noted above.

### *Occupancy and Other Operating Expenses*

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

### *General and Administrative Expenses*

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

### *Franchise Expenses*

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

### *Depreciation and Amortization*

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

### *Asset Impairment and Close-Store Reserves*

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

### *Gain on Disposal of Restaurant*

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

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*Interest Expense, Net*

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

*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 <sup>(2)</sup>	(18,141) <sup>(3)</sup>	918	410	(60)	(6,120) <sup>(4)</sup>	(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 Operating 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 (%)	22.1	20.4	20.7	22.5	20.5	18.0	19.6	20.3	21.3

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

(2) The 2013 Refinancing resulted in lower interest rates on our indebtedness, which has contributed to lower interest expense and higher net income in subsequent periods.

(3) During the 14 weeks ended December 25, 2013, we refinanced our \$12.5 million first lien revolving credit facility, \$170 million first lien term loan facility and our 2018 notes by entering into our current senior secured credit facilities. The 2013 Refinancing resulted in a one time charge to our consolidated statement of operations of \$21.5 million, reflecting call premiums on the retired debt obligations and expense related to unamortized deferred financing cost and unamortized discounts.

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

### 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 \$99.1 million, or 34.3%, and our annualized interest expense will decline by approximately \$10.1 million, which would have represented a reduction of approximately 27.8% 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.

## ***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.

On July 9, 2014, we agreed with our lenders to amend the terms of our First Lien Credit Agreement to remove restrictions on capital expenditures and permit special dividend payments of up to \$11 million per fiscal year (not to exceed \$33 million in the aggregate) for purposes of our income tax receivable agreement (the “Amendment”). See “Certain Relationships and Related Party Transactions—Income Tax Receivable Agreement.” These Amendment provisions will become operative only upon the repayment in full of our Second Lien Term Loan Facility. We intend to use the net proceeds from this offering to repay in whole or in part our Second Lien Term Loan Facility. See “Use of Proceeds.”

### *Hedging Arrangements*

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

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### *Contractual Obligations*

The following table represents our contractual commitments (which include expected interest expense, calculated based on current interest rates) to make future payments pursuant to our debt and other obligations disclosed above and pursuant to our restaurant operating leases outstanding as of March 26, 2014:

(Amounts in thousands)	Payments Due by Period				
	Total	2014	2015- 2016	2017- 2018	2019 and thereafter
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

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

### **Critical Accounting Policies and Use of Estimates**

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

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

### ***Revenue Recognition***

We record revenue from company-operated restaurants as food and beverage products are delivered to customers and payment is tendered at the time of sale. 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 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

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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

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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 “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%

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

We estimate our forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behavior and other factors. Changes in the estimated forfeiture rate can have a significant effect on reported stock-based compensation expense, as the cumulative effect of adjusting the rate for all expense amortization is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the financial statements. The effect of forfeiture adjustments was insignificant for the 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 \$5.84 per share, which was in excess of the estimated fair value of our common stock on the grant dates. These options, granted at strike prices in excess of fair market value, were intended to incentivize management to increase profitability and expand our business. The following table summarizes, by grant date, the stock options granted since December 26, 2012 and their associated per share exercise prices:

<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	70,651	\$ 4.09	\$ 4.09
April 11-22, 2013	141,303	\$ 5.84	\$ 4.09
July 15-29, 2013	196,968	\$ 4.09	\$ 4.09
July 15-29, 2013	393,935	\$ 5.84	\$ 4.09

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

**July 15-29, 2013**—Options granted on these dates had exercise prices of either \$4.09 or \$5.84 per share, which was equal to, or greater than, the fair value of our common stock as determined by our board of directors on each grant date. In conjunction with our year-end procedures, our board of directors obtained a third-party valuation of our common stock as of December 2012, which suggested a fair value of \$4.09 per share. Our board of directors considered this valuation together with other objective and subjective factors in reaching its determination of the fair value of our common stock as of July 2013. In particular, our board of directors considered the general financial

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condition of the business, the continued illiquidity of our common stock given our status as a private company, the continued likelihood of a liquidity event, such as an initial public offering or sale of us or our capital resources at that time and the risks and uncertainties associated with further development and expansion of our business. Our board of directors considered that our financial performance continued to improve, but our board also noted that improvements were in line with the expectations included in the December 2012 valuation.

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

The valuation that we obtained as of December 25, 2013 resulted in a fair value of \$9.31 per share of common stock. The increase as compared to the 2012 valuation was driven largely by the increase in EBITDA multiples that comparable public companies 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.

In connection with the completion of this offering, subject to approval by the Compensation Committee of our board of directors, we expect to grant options to purchase 223,183 shares of our common stock under our 2014 Omnibus Equity Incentive Plan to selected employees who are not our executive officers at fair market value as of the date of the grant. We expect to incur approximately \$1.3 million of stock based compensation expense in connection with such grants, which will be expensed over four years. In addition, subject to approval by the Compensation Committee of our board of directors, at or immediately following the closing of the this offering, we expect to grant to each of Samuel N. Borgese and Douglas K. Ammerman a restricted share grant for a number of shares equal to \$50,000 divided by our public offering price. The grant will vest based on continued service over a period of three years, over which time we expect to incur \$100,000 of stock-based compensation expense in connection with such restricted share grants.

## BUSINESS

### Company Overview

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

El Pollo Loco is a differentiated and growing restaurant concept that specializes in fire-grilling citrus-marinated chicken in front of our customers. We operate within the fastest growing segment of the restaurant industry, the LSR segment. We believe we offer the quality of food typical of fast casual restaurants while providing the speed, convenience and value typical of traditional QSRs, a combination which we call “QSR+” and which provides a value-oriented fast casual dining experience. Our distinctive menu features our signature product—citrus-marinated fire-grilled chicken—and a variety of Mexican-inspired entrees that we create from our chicken. Every day in every restaurant’s kitchen we marinate and fire-grill our chicken over open flames, hand-slice whole tomatoes, avocados, serrano peppers and cilantro to make our salsas, guacamole and cilantro dressings from scratch. The open design of our kitchens reveals our Mexican-inspired cooking process and allows our customers to watch our Grill Masters and team members fire-grill and hand-cut our signature chicken, as well as make burritos, salads, tostadas, bowls, stuffed quesadillas and chicken entrees.

We offer our customers healthier alternatives to traditional food on the go, served by our engaging team members in a colorful, bright and contemporary restaurant environment. We serve individual and family-sized chicken meals, a variety of Mexican-inspired entrees, sides, and, throughout the year, on a limited-time basis, alternative proteins like shrimp, carnitas and beef. Our entrees include favorites such as our Poblano Burrito, Under 500 Calorie Mango Grilled Tostada, Ultimate Pollo Bowl, Grand Baja Shrimp Tacos and Chicken, Bacon and Guacamole Stuffed Quesadilla. Our freshly-prepared salsas and dressings are prepared daily allowing our customers to create their favorite flavor profiles to enhance their culinary experience. Our distinctive menu with healthier alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced day-part mix.

El Pollo Loco is Spanish for “The Crazy Chicken.” We opened our first location on Alvarado Street in Los Angeles, California in 1980, and have grown our restaurant system to 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 company-operated restaurant revenue of \$294.3 million and \$76.2 million and 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 affordable prices we offer our customers drive 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 230 basis points to 21.0% 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 22.1%; and
- from 2011 to 2013, we increased our total revenue by 15.2% to \$314.7 million, increased our Adjusted EBITDA (as defined under “Prospectus Summary—Summary Consolidated Financial and Other Data” above) by 39.2% to \$55.0 million, and decreased our net loss from \$32.5 million to \$16.9 million. Included in our net loss figures for 2011 and 2013 were expenses for early extinguishment of debt totaling \$20.2 million and \$21.5 million, respectively. Adjusted EBITDA represents net income (loss) before interest expense, provision of income taxes and depreciation and amortization, and adjusted to exclude the impact of items that we do not consider representative of our ongoing operating performance, as identified in the reconciliation table above, under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators—EBITDA and Adjusted EBITDA.”

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

### **Our Industry**

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

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

### **Our Competitive Strengths**

#### ***Putting the “Loco” in El Pollo Loco***

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

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

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

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

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

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

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

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

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

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

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team by adding Larry Roberts as our Chief Financial Officer, Ed Valle as our Chief Marketing Officer and Kay Bogeajis as our Chief Operating Officer. Under Steve's direction, the team has added new layers of revenue through menu innovation, as well as redefined our marketing strategy and enhanced the customer experience. These initiatives have resulted in comparable restaurant sales growth that has outperformed both the QSR and the fast casual segments in each of the past 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 strong unit economics. We plan to continue to expand our business and drive restaurant sales growth, improve margins and enhance our competitive positioning by executing on the following strategies:

*Expand Our Restaurant Base.* We believe we are in the early stages of our growth story with 401 current locations in five states, as of March 26, 2014, and estimate, based on internal analysis and a study prepared by Buxton Co., a long-term total restaurant potential in the United States of approximately 2,300 locations. For the year ended December 25, 2013, we opened two new company-operated and five new franchised restaurants, and in 2014 we intend to open eight to 10 new company-operated and four to six new franchise restaurants across California, Nevada and Texas. Over the long term, we plan to grow the number of El Pollo Loco restaurants by 8% to 10% annually. There is no guarantee that we will be able to increase the number of our restaurants. We may be unsuccessful in expanding within our existing or into new markets for a variety of reasons described herein under "Risk Factors" above, including competition for customers, sites, franchisees, employees, licenses and financing.

We believe our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results and high returns on invested capital. Our current new restaurant investment model targets an average total cash investment of \$1,360,000, net of tenant allowances, an AUV of approximately \$1.8 million and a cash-on-cash return in excess of 25% in a restaurant's third full year of operations, although there is no guarantee that these targets will be met. We closed six restaurants in 2011, did not close any in 2012, and closed three in 2013. We did not open any new restaurants in 2011, but opened four in 2012 and two in 2013. For the year ended December 25, 2013, these new restaurants had weekly AUVs averaging \$33,900 and annualized cash-on-cash returns of over 25%. 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 35%. 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 over 325 potential new trade areas for restaurant development. As we continue to increase and strengthen our position in our core markets, we also intend to expand our presence into key, contiguous new markets. We believe a contiguous market expansion strategy will provide us with an attractive opportunity to leverage our brand awareness and infrastructure while increasing our geographic presence. After thoroughly researching potential new markets in the Southwest region, we have selected Houston, Texas as our next new market. In Houston, we have identified an initial 80 trade areas for potential restaurant development by us or our franchisees over the next several years, and we believe 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 adapt our menu to create entrees that complement our signature fire-grilled chicken and that reinforce our differentiated QSR+ positioning. We believe we have opportunities for menu innovation as we look to provide customers more choices through customization and limited time alternative proteins, such as carne asada. In addition, we will continue to tap in to the need for healthier offerings by building on the success of our recently launched "Under 500 Calorie" menu and other

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“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.

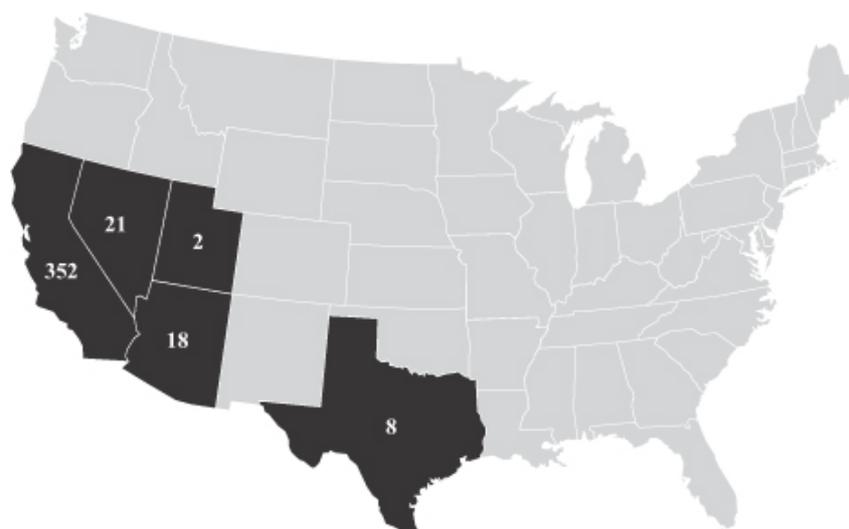
*Hacienda Remodel Program.* In 2011, we launched our new Hacienda remodeling program, which has resulted on average in an additional 3% comparable restaurant sales for remodeled restaurants. The redesigned Hacienda restaurants highlight our roots, while offering a more modern feel and upscale dining 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 340 basis points, to 22.1%. We believe we can further improve our margins by maintaining fiscal discipline, increasing fixed-cost leverage and enhancing our purchasing efforts. We currently have an infrastructure that allows us and our franchisee partners to grow and manage the productivity of each restaurant on a real-time basis. Additionally, we believe, as our restaurant base matures and AUVs increase, we will be able to leverage corporate costs and improve margins, as general and administrative expenses grow at a slower rate than our revenues.

## **Properties**

Our restaurants are either free-standing facilities, typically with drive-thru capability, or in-line. A typical restaurant generally ranges from 2,400 to 3,000 square feet with seating for approximately 70 people. For a majority of our company-operated restaurants, we lease land on which our restaurants are built. Our leases generally have terms of 20 years, with two or three renewal terms of five years. Restaurant leases provide for a specified annual rent, and some leases call for additional or contingent rent based on revenue above specified levels. Generally, our leases are “net leases” that require us to pay a pro rata share of taxes, insurance and maintenance costs. We own 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 that our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results and high returns on invested capital, which we believe provides us with a strong foundation for expansion. For the year ended December 25, 2013, we opened two new company-operated and five new franchised restaurants, and in 2014 we intend to open between 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 open new company-operated or franchised restaurants, or to increase the overall number of our restaurants. We may be unsuccessful in expanding within our existing or into new markets for a variety of reasons described above under “Risk Factors,” including competition for customers, sites, franchisees, employees, licenses and financing. Over the long term, we plan to grow the number of El Pollo Loco restaurants by 8% to 10% annually.

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

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 of a restaurant will require an average total cash investment of approximately \$1.4 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 our Quality, Service & Cleanliness ("QSC") audit program. These audits are conducted in each restaurant twice yearly, but may be more frequent based upon restaurant performance. Additionally, we have food safety and quality assurance programs designed to maintain the highest standards for food and food preparation procedures used by both company-operated and franchised restaurants. We employ a team of quality assurance managers and third party auditors that perform our restaurant audits.

#### ***Managers and Team Members***

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

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

### **Franchise Program**

#### ***Overview***

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

#### ***Franchise Owner Support***

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

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

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

#### **Marketing and Advertising**

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

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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 130,000 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 and registrations or exemptions would adversely affect the operations of restaurants. Although we have not experienced and do not anticipate any significant problems in obtaining required licenses, permits or approvals, any difficulties, delays or failures in obtaining such licenses, permits, registrations, exemptions, or approvals could delay or prevent the opening of, or adversely impact the viability of, a restaurant in a particular area.

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

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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	59	Chief Operating Officer
Edward Valle	53	Chief Marketing Officer
Michael G. Maselli	54	Chairman and Director
Dean C. Kehler	57	Director
Wesley W. Barton	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 the number of directors on our board will be fixed exclusively pursuant to resolution adopted by our board of 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. Wesley W. Barton 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 40% of our common stock, directors may be removed with or without cause, by a majority of the voting power of our outstanding stock voting as a single class. The certificate 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 one independent director 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.elpolloloco.com](http://www.elpolloloco.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 Dean C. Kehler, Douglas K. Ammerman and Samuel N. Borgese. We are relying on the phase-in rules of the Exchange Act and the NASDAQ with respect to the independence of our audit committee. These rules 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 Douglas K. Ammerman qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and that Douglas K. Ammerman is independent as independence is defined in Rule 10A-3 of the Exchange Act and under NASDAQ listing standards. 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 Michael G. Maselli, John M. Roth and Douglas K. Ammerman. 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 (the “Code”). Our board of directors has determined that Michael G. Maselli, John M. Roth and Douglas K. Ammerman each qualify as “non employee directors” and “outside directors.”

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

Upon completion of this offering, the Nominating and Corporate Governance Committee will be comprised of Dean C. Kehler, Michael G. Maselli and John M. Roth. 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.

### *Stockholders Agreement*

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.

### *2014 Omnibus Equity Incentive Plan*

#### Introduction

On July 14, 2014, our board of directors and our stockholders approved and adopted our 2014 Omnibus Equity Incentive Plan (the “2014 Plan”). The 2014 Plan became effective on that date (the “Effective Date”).

We currently maintain the 2005 Plan and the 2012 Plan, both of which provide for the issuance of stock options. In addition, option awards are outstanding under certain exchange option award agreements relating to the exchange of options of the former EPL Holdings, Inc., at the time of its purchase by us. As of July 14, 2014, approximately 3,335,168 shares of common stock remained available for issuance upon the exercise of outstanding options under all such prior arrangements (the “Prior Awards”). Following the Effective Date, no new awards will be granted under the 2005 Plan and the 2012 Plan.

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Under the 2014 Plan, 1,070,477 common shares are initially available for grant, which does not include the Prior Awards. All Prior Awards will remain outstanding and will be governed by the 2014 Plan and their respective award or exchange agreements, to the extent that the terms of such agreements are not inconsistent with the 2014 Plan.

### Rationale for Adoption of the 2014 Plan

Grants of options, restricted shares, restricted stock units and other share-based awards to our officers, employees, directors, independent contractors and consultants are an important part of our long-term incentive compensation program, which we use in order to strengthen the commitment of such individuals to us, motivate them to faithfully and diligently perform their responsibilities and attract and retain competent and dedicated individuals whose efforts are expected to result in our long-term growth and profitability.

At the time when Section 162(m) of the Code becomes applicable to us, annual compensation in excess of \$1 million paid to individuals who are “covered employees” will not be deductible by us unless it is “performance-based compensation.” The plan administrator may make awards under the 2014 Plan to eligible participants who are covered employees (or to individuals whom the plan administrator believes may become covered employees) that are intended to qualify as performance-based compensation under Section 162(m) of the Code, to the extent it is applicable to us. To qualify, the exercisability and/or payment of such awards will generally be subject to the achievement of performance criteria based upon one or more performance goals set forth in the 2014 Plan and to certification of such achievement in writing by the compensation committee of our board of directors. The performance criteria will be established in writing by that committee not later than the time period prescribed under Section 162(m) of the Code.

### Description of 2014 Plan

The following is a summary of the material features of the 2014 Plan. This summary is qualified in its entirety by the full text of the 2014 Plan, a copy of which is filed as Exhibit 10.22 to the registration statement of which this prospectus forms a part.

*Types of Awards.* The 2014 Plan provides for the issuance of options, share appreciation rights (“SARs”), restricted shares, restricted stock units (“RSUs”), other share-based awards and cash awards to our officers, employees, directors, independent contractors and consultants.

*Shares Available; Certain Limitations.* The maximum number of shares of common stock reserved and available for issuance under the 2014 Plan will be equal to the sum of (i) 1,070,477 shares of common stock and (ii) the number of shares of common stock subject to the Prior Awards. Pursuant to 162(m) of the Code, no individual (including any individual who is likely to be a “covered employee” for purposes of Section 162(m) of the Code) may be granted options or SARs during any single fiscal year in excess of 342,553 shares or restricted shares, RSUs, or other share-based awards in excess of 342,553 shares. In addition, the maximum cash award that any such individual may receive with respect to a cash award in respect of any annual performance period is \$1,000,000 and for any other performance period, such amount multiplied by a fraction, the numerator of which is the number of months in the performance period and the denominator of which is twelve. No more than 1,070,477 shares may be issued upon the exercise of ISOs, as described below.

Shares of common stock subject to an award under the 2014 Plan that remain unissued upon the cancellation or termination of the award will again become available for grant under the 2014 Plan. However, shares of common stock that are surrendered by a participant or withheld as payment of the exercise price in connection with any award under the 2014 Plan, as well as any shares of common stock exchanged by a participant or withheld to satisfy tax withholding obligations related to any award, will not be available for subsequent awards under the 2014 Plan. If an award is denominated in shares, but settled in cash, the number of shares of common stock previously subject to the award will again be available for grants under the 2014 Plan. If an award can only be settled in cash, it will not be counted against the total number of shares of common stock available for grant under the 2014 Plan.

*Administration.* The 2014 Plan will be administered by our board of directors, or if our board of directors does not administer the 2014 Plan, a committee of our board of directors that complies with the applicable requirements of Section 162(m) of the Code, Section 16 of the Exchange Act and any other applicable legal or stock exchange listing requirements (each of our board of directors or such committee, the “plan administrator”). The plan administrator may interpret the 2014 Plan and may prescribe, amend and rescind rules and make all other determinations necessary or

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desirable for the administration of the 2014 Plan, provided that the plan administrator will not have the authority to reprice or cancel and regrant any award at a lower exercise, base or purchase price or cancel any award with an exercise, base or purchase price in exchange for cash, property or other awards without first obtaining the approval of our stockholders.

The 2014 Plan permits the plan administrator to select the eligible recipients who will receive awards, to determine the terms and conditions of those awards, including but not limited to the exercise price or other purchase price of an award, the number of shares of common stock or cash or other property subject to an award, the term of an award and the vesting schedule applicable to an award, and to amend the terms and conditions of outstanding awards.

*Restricted Shares and RSUs.* Restricted shares and RSUs may be granted under the 2014 Plan. The plan administrator will determine the purchase price, vesting schedule and performance goals, if any, applicable to the grant of restricted shares. If the restrictions, performance goals or other conditions determined by the plan administrator are not satisfied, the restricted shares and RSUs will be forfeited. Subject to the provisions of the 2014 Plan and the applicable individual award agreement, the plan administrator has the sole discretion to provide for the lapse of restrictions in installments or the acceleration or waiver of restrictions (in whole or part) under certain circumstances, including the attainment of certain performance goals, a participant's termination of employment or service or a participant's death or disability. The rights of restricted share and RSU holders upon a termination of employment or service will be set forth in individual award agreements.

Unless the applicable award agreement provides otherwise, participants with restricted shares will generally have all of the rights of a stockholder during the restricted period, including the right to receive dividends declared with respect to such shares; provided, however, that dividends declared during the restricted period with respect to an award that vests or becomes payable upon the achievement of performance goals shall only become payable if (and to the extent) that the performance goals underlying the award are achieved. During the restricted period, participants with RSUs will generally not have any rights of a stockholder, but may be credited with dividend equivalent rights if the applicable individual award agreement so provides.

*Options.* We may issue non-qualified stock options and "incentive stock options" ("ISOs") (within the meaning of Section 422 of the Code) under the 2014 Plan. The terms and conditions of any options granted to a participant will be set forth in an award agreement and, subject to the provisions in the 2014 Plan, will be determined by the plan administrator. The exercise price of any option granted under our 2014 Plan must be at least equal to the fair market value of our common stock on the date the option is granted (110% of fair market value in the case of ISOs granted to ten percent stockholders). The maximum term of an option granted under our 2014 Plan is ten years. The amount of incentive stock options that become exercisable for the first time in a particular year cannot exceed a value of \$100,000 per participant, determined using the fair market value of the shares on the date of grant.

Subject to our 2014 Plan, the plan administrator will determine the vesting and other terms and conditions of options granted under our 2014 Plan and the plan administrator will have the authority to accelerate the vesting of any option in its sole discretion. Unless the applicable option award agreement provides otherwise, in the event of a participant's termination of employment or service for any reason other than for cause, disability or death, such participant's options (to the extent exercisable at the time of such termination) generally will remain exercisable until 90 days after such termination and then expire. Unless the applicable option agreement provides otherwise, in the event of a participant's termination of employment or service due to disability or death, such participant's options (to the extent exercisable at the time of such termination) generally will remain exercisable until 6 months after such termination and will then expire. Options that were not exercisable on the date of termination for any reason other than for cause will expire at the close of business on the date of such termination. In the event of a participant's termination of employment or service for cause, such participant's outstanding options will expire at the commencement of business on the date of such termination. In no event, however, may an option be exercised after the expiration of its term.

*Share Appreciation Rights.* SARs may be granted under the 2014 Plan either alone or in conjunction with all or part of any option granted under the 2014 Plan. A free-standing SAR granted under the 2014 Plan entitles its holder to receive, at the time of exercise, an amount per share up to the excess of the fair market value (at the date of exercise) of a share of common stock over the exercise price of the free-standing SAR multiplied by the number of shares in respect of which the SAR is being exercised. An SAR granted in conjunction with all or part of an option under the 2014 Plan entitles its holder to receive, at the time of exercise of the SAR and surrender of the related option, an amount per share up to the excess of

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the fair market value (at the date of exercise) of a share of common stock over the exercise price of the related option multiplied by the number of shares in respect of which the SAR is being exercised. Each SAR will be granted with an exercise price that is not less than 100% of the fair market value of the related shares of common stock on the date of grant. Unless the applicable SAR award agreement provides otherwise, in the event of a participant's termination of employment or service for any reason other than for cause, disability or death, such participant's SARs (to the extent exercisable at the time of such termination) generally will remain exercisable until ninety days after such termination and then expire. Unless the applicable SAR award agreement provides otherwise, in the event of a participant's termination of employment or service due to disability or death, such participant's SARs (to the extent exercisable at the time of such termination) generally will remain exercisable until six months after such termination and will then expire. SARs that were not exercisable on the date of termination for any reason other than for cause will expire at the close of business on the date of such termination. In the event of a participant's termination of employment or service for cause, such participant's outstanding SARs will expire at the commencement of business on the date of such termination. The maximum term of all SARs granted under the 2014 Plan will be determined by the plan administrator, but may not exceed ten years. The plan administrator may determine to settle the exercise of an SAR in shares of common stock, cash, or any combination thereof.

Each free-standing SAR will vest and become exercisable (including in the event of the SAR holder's termination of employment or service) at such time and subject to such terms and conditions as determined by the plan administrator in the applicable individual free-standing SAR agreement. SARs granted in conjunction with all or part of an option will be exercisable at such times and subject to all of the terms and conditions applicable to the related option.

*Other Share-Based Awards.* Other share-based awards, valued in whole or in part by reference to, or otherwise based on, shares of common stock (including dividend equivalents) may be granted under the 2014 Plan. The plan administrator will determine the terms and conditions of such other share-based awards, including the number of shares of common stock to be granted pursuant to such other share-based awards, the manner in which such other share-based awards will be settled (e.g., in shares of common stock, cash or other property), and the conditions to the vesting and payment of such other share-based awards (including the achievement of performance goals). The rights of participants granted other share-based awards upon the termination of employment with or service to us will be set forth in the award agreement.

*Cash Awards.* Bonuses that are payable solely in cash may also be granted under the 2014 Plan, and may be granted contingent upon the achievement of performance goals. The rights of participants granted cash awards upon the termination of employment with or service to us will be set forth in the applicable award agreement.

*Performance Goals.* The vesting of awards that are intended to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code will be based upon one or more of the following criteria: (i) earnings, including one or more of operating income, net operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, adjusted EBITDA, economic earnings, or extraordinary or special items or book value per share (which may exclude nonrecurring items); (ii) pre-tax income or after-tax income; (iii) earnings per share (basic or diluted); (iv) operating profit; (v) revenue, revenue growth or rate of revenue growth; (vi) return on assets (gross or net), return on investment, return on capital, or return on equity; (vii) returns on sales or revenues; (viii) operating expenses; (ix) share price appreciation; (x) cash flow, cash flow per share, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (xi) implementation or completion of critical projects or processes; (xii) cumulative earnings per share growth; (xiii) operating margin or profit margin; (xiv) cost targets, reductions and savings, productivity and efficiencies; (xv) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures and similar transactions, and budget comparisons; (xvi) personal professional objectives, including any of the foregoing performance goals, the implementation of policies and plans, the negotiation of transactions, the development of long term business goals, formation of joint ventures, research or development collaborations, and the completion of other corporate transactions; (xvii) any combination of, or a specified increase in, any of the foregoing, (xviii) economic value created; and (xix) share price or total stockholder return.

The criteria may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to us or any of our affiliates, or one of our divisions or strategic business units or a division or strategic business unit of any of our affiliates, or may be applied to

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our performance relative to a market index, a group of other companies or a combination thereof, all as determined by the plan administrator. The criteria may also be subject to a threshold level of performance below which no payment will be made, levels of performance at which specified payments will be made, and a maximum level of performance above which no additional payment will be made. The criteria will be determined in accordance with generally accepted accounting principles (to the extent applicable) and achievement of the criteria will require certification by the plan administrator. To the extent permitted by Section 162(m) of the Code, the plan administrator will have the authority to make equitable adjustments to the criteria in recognition of unusual or non-recurring events affecting us or any of our affiliates or our financial statements or the financial statements of any of our affiliates, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles.

*Equitable Adjustments.* In the event of a merger, amalgamation, consolidation, reclassification, recapitalization, spin-off, spin-out, repurchase, reorganization, special or extraordinary dividend or other extraordinary distribution (whether in the form of common shares, cash or other property), combination, exchange of shares, or other change in corporate structure affecting our common stock, an equitable substitution or proportionate adjustment shall be made in (i) the aggregate number of common shares reserved for issuance under the 2014 Plan, (ii) the maximum number of shares of common stock that may be subject to awards granted to any participant in any calendar or fiscal year, (iii) the kind and number of securities subject to, and the exercise price of, any outstanding options and SARs granted under the 2014 Plan, and (iv) the kind, number and purchase price of shares of common stock, or the amount of cash or amount or type of property, subject to outstanding restricted shares, RSUs and other share-based awards granted under the 2014 Plan. Equitable substitutions or adjustments other than those listed above may also be made as determined by the plan administrator. In addition, the plan administrator may terminate all outstanding awards for the payment of cash or in-kind consideration having an aggregate fair market value equal to the excess of the fair market value of the shares of common stock, cash or other property covered by such awards over the aggregate exercise price, if any, of such awards, but if the exercise price of any outstanding award is equal to or greater than the fair market value of the shares of common stock, cash or other property covered by such award, our board of directors may cancel the award without the payment of any consideration to the participant. With respect to awards subject to foreign laws, adjustments will be made in compliance with applicable requirements. Except to the extent determined by the plan administrator, adjustments to incentive stock options will be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code.

*Change in Control and Qualifying Termination.* Unless otherwise determined by the plan administrator and evidenced in an award agreement, in the event that (i) a “change in control” (as defined below) occurs and (ii) a participant’s employment or service is terminated by us or any of our successors or affiliates without cause within 12 months following the change in control, then (a) any unvested or unexercisable portion of any award carrying a right to exercise will become fully vested and exercisable, and (b) the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to any award will lapse and such unvested awards will be deemed fully vested and any performance conditions imposed with respect to such awards will be deemed to be fully achieved at target performance levels.

*Definition of Change in Control.* For purposes of the 2014 Plan, a “change in control” will mean, in summary: (i) a person or entity becomes the beneficial owner of 50% or more of our voting power; (ii) an unapproved change in the majority membership of our board of directors; (iii) a merger or consolidation of us or any of our subsidiaries, other than (A) a merger or consolidation that results in our voting securities continuing to represent more than 50% of the combined voting power of the surviving entity or its parent and our board of directors immediately prior to the merger or consolidation continuing to represent a majority of the board of directors of the surviving entity or its parent or (B) a merger or consolidation effected to implement a recapitalization in which no person is or becomes the owner of our voting securities representing 50% or more of our combined voting power; or (iv) stockholder approval of a plan of complete liquidation or dissolution of us or the consummation of an agreement for the sale or disposition of substantially all of our assets, other than a sale or disposition to an entity, at least 50% of the combined voting power of which is owned by our stockholders in substantially the same proportions as their ownership of us immediately prior to such sale or a sale or disposition to an entity controlled by our board of directors. However, a change in control will not be deemed to have occurred as a result of any transaction or series of integrated transactions following which our stockholders, immediately prior thereto, hold immediately afterward the same proportionate equity interests in the entity that owns all or substantially all of our assets.

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*Tax Withholding.* Each participant will be required to make arrangements satisfactory to the plan administrator regarding payment of the minimum amount of applicable taxes required by law to be withheld with respect to any award granted under the 2014 Plan. We have the right, to the extent permitted by law, to deduct any such taxes from any payment of any kind otherwise due to the participant. With the approval of the plan administrator, the participant may satisfy the foregoing requirement by either electing to have us withhold from delivery of shares of common stock, cash or other property, as applicable, or by delivering already owned unrestricted shares of common stock, in each case, having a value not exceeding the applicable taxes to be withheld and applied to the tax obligations. We may also use any other method of obtaining the necessary payment or proceeds, as permitted by law, to satisfy our withholding obligation with respect to any award.

*Amendment and Termination of the 2014 Plan.* The 2014 Plan provides our board of directors with authority to amend, alter or terminate the 2014 Plan, but no such action may impair the rights of any participant with respect to outstanding awards without the participant's consent. The plan administrator may amend an award, prospectively or retroactively, but no such amendment may materially impair the rights of any participant without the participant's consent. Stockholder approval of any such action will be obtained if required to comply with applicable law.

*2014 Plan Term.* The 2014 Plan will terminate on the tenth anniversary of the Effective Date (although awards granted before that time will remain outstanding in accordance with their terms).

## New Plan Benefits

We expect to grant options under the 2014 Plan to certain employees in connection with the completion of this offering. We have not yet determined the terms of such grants, but, subject to approval by the Compensation Committee of our board of directors, we expect to grant 223,183 options at fair market value as of the date of the grant to selected employees who are not our executive officers. In addition, at or immediately following the closing of this offering, subject to approval by the Compensation Committee of our board of directors, we expect to grant to each of Samuel N. Borgese and Douglas K. Ammerman a restricted share grant for a number of shares equal to \$50,000 divided by our public offering price. The grant will vest based on continued service over a period of three years.

## US Federal Income Tax Consequences

The following is a summary of certain United States federal income tax consequences of awards under the 2014 Plan. It does not purport to be a complete description of all applicable rules, and those rules (including those summarized here) are subject to change.

*Non-Qualified Stock Options.* A participant who has been granted a non-qualified stock option will not recognize taxable income upon the grant of a non-qualified stock option. Rather, at the time of exercise of such non-qualified stock option, the participant will recognize ordinary income for income tax purposes in an amount equal to the excess of the fair market value of the shares purchased over the exercise price. We generally will be entitled to a tax deduction at such time and in the same amount that the participant recognizes ordinary income. If shares acquired upon exercise of a non-qualified stock option are later sold or exchanged, then the difference between the amount received upon such sale or exchange and the fair market value of such shares on the date of such exercise will generally be taxable as long-term or short-term capital gain or loss (if the shares are a capital asset of the participant) depending upon the length of time such shares were held by the participant.

*Incentive Stock Options.* In general, no taxable income is realized by a participant upon the grant of an ISO. If shares of common stock are purchased by a participant, or option shares, pursuant to the exercise of an ISO granted under the 2014 Plan and the participant does not dispose of the option shares within the two-year period after the date of grant or within one year after the receipt of such option shares by the participant, such disposition a disqualifying disposition, then, generally (1) the participant will not realize ordinary income upon exercise and (2) upon sale of such option shares, any amount realized in excess of the exercise price paid for the option shares will be taxed to such participant as capital gain (or loss). The amount by which the fair market value of the common stock on the exercise date of an ISO exceeds the purchase price generally will constitute an item which increases the participant's "alternative minimum taxable income." If option shares acquired upon the exercise of an ISO are disposed of in a disqualifying disposition, the participant generally would include in ordinary income in the year of disposition an amount equal to the excess of the fair market value of the option shares at the time of exercise (or, if less, the amount realized on the disposition of the option shares), over the exercise price paid for the option shares. Subject to certain exceptions, an option generally will not be treated as an ISO if it is exercised more than three months following

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termination of employment. If an ISO is exercised at a time when it no longer qualifies as an ISO, such option will be treated as a nonqualified stock option as discussed above. In general, we will receive an income tax deduction at the same time and in the same amount as the participant recognizes ordinary income.

*Share Appreciation Rights.* A participant who is granted an SAR generally will not recognize ordinary income upon receipt of the SAR. Rather, at the time of exercise of such SAR, the participant will recognize ordinary income for income tax purposes in an amount equal to the value of any cash received and the fair market value on the date of exercise of any shares received. We generally will be entitled to a tax deduction at such time and in the same amount, if any, that the participant recognizes as ordinary income. The participant's tax basis in any common shares received upon exercise of an SAR will be the fair market value of the shares of common stock on the date of exercise, and if the shares are later sold or exchanged, then the difference between the amount received upon such sale or exchange and the fair market value of such shares on the date of exercise will generally be taxable as long-term or short-term capital gain or loss (if the shares are a capital asset of the participant) depending upon the length of time such shares were held by the participant.

*Restricted Shares.* A participant generally will not be taxed upon the grant of restricted shares, but rather will recognize ordinary income in an amount equal to the fair market value of the shares at the earlier of the time the shares become transferable or are no longer subject to a substantial risk of forfeiture (within the meaning of the Code). We generally will be entitled to a deduction at the time when, and in the amount that, the participant recognizes ordinary income on account of the lapse of the restrictions. A participant's tax basis in the shares will equal their fair market value at the time the restrictions lapse, and the participant's holding period for capital gains purposes will begin at that time. Any cash dividends paid on the shares before the restrictions lapse will be taxable to the participant as additional compensation and not as dividend income. Under Section 83(b) of the Code, a participant may elect to recognize ordinary income at the time the restricted shares are awarded in an amount equal to their fair market value at that time, notwithstanding the fact that such shares are subject to restrictions or transfer and a substantial risk of forfeiture. If such an election is made, no additional taxable income will be recognized by such participant at the time the restrictions lapse, the participant will have a tax basis in the shares equal to their fair market value on the date of their award, and the participant's holding period for capital gains purposes will begin at that time. We generally will be entitled to a tax deduction at the time when, and to the extent that, ordinary income is recognized by such participant.

*RSUs.* In general, the grant of RSUs will not result in income for the participant or in a tax deduction for us. Upon the settlement of such an award in cash or shares, the participant will recognize ordinary income equal to the aggregate value of the payment received, and we generally will be entitled to a tax deduction at the same time and in the same amount.

*Other Awards.* With respect to other awards granted under the 2014 Plan, including other share-based award and cash awards, generally when the participant receives payment with respect to an award, the amount of cash and/or the fair market value of any common shares or other property received will be ordinary income to the participant, and we generally will be entitled to a tax deduction at the same time and in the same amount.

*Section 162(m).* Section 162(m) of the Code denies a deduction for certain annual compensation in excess of \$1,000,000 paid to individuals who are "covered employees" unless it qualifies as "performance-based compensation." The plan administrator may make awards under the 2014 Plan to eligible participants who are covered employees (or to individuals whom the plan administrator believes may become covered employees) that are intended to qualify as performance-based compensation under Section 162(m) of the Code. To qualify, the exercisability and/or payment of such awards must generally be subject to the achievement of performance criteria based upon one or more performance goals set forth in the 2014 Plan and to certification of such achievement in writing by the plan administrator. The performance criteria must be established in writing by the plan administrator not later than the time period prescribed under Section 162(m) of the Code.

### **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.

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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.

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

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

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

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

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

### Director Compensation

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

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

Each of our two independent directors, Messrs. Borgese and Ammerman, receive an annual cash retainer fee of \$40,000, which is paid quarterly. In addition, Messrs. Borgese and Ammerman each will receive a grant of restricted shares in connection with this offering, as more fully described above in “Executive Compensation—Elements of Compensation—Equity Grants—2014 Omnibus Equity Incentive Plan—New Plan Benefits.”

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. However, currently, it is anticipated that Messrs. Borgese and Ammerman each will receive an annual grant of restricted shares with grant date value of \$50,000.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Policy Concerning Related Party Transactions

We intend to adopt a written policy relating to the approval of related party transactions. Our Audit Committee 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 (Conflicts of Interest) —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 28,679,808 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 28,679,808 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 (the “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. The management agreement will be terminated upon the consummation of this offering.

## Income Tax Receivable Agreement

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

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

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

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

While the actual amount and timing of any payments under the income tax receivable agreement will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries' taxable income in the future, we expect that during the term of the income tax receivable agreement, the payments that we may make could be material. Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize the full tax benefits subject to the income tax receivable agreement, we expect that future payments under the income tax receivable agreement will total between approximately \$39.0 million and \$41.0 million. Such amounts may differ materially from the amounts presented above based on various items, including limitation under Section 382 of the Internal Revenue Code as the result of an "ownership change."

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

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

Because we are a holding company with no operations of our own, our ability to make payments under the income tax receivable agreement is dependent on the ability of our subsidiaries to make distributions to us. Our credit

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agreement restricts the ability of our subsidiaries to make distributions to us, which could affect our ability to make payments under the income tax receivable agreement. On July 9, 2014, we agreed with our lenders to amend the terms of our First Lien Credit Agreement to remove restrictions on capital expenditures and permit special dividend payments of up to \$11 million per fiscal year (not to exceed \$33 million in the aggregate) for purposes of our income tax receivable agreement. These Amendment provisions will become operative only upon the repayment in full of our Second Lien Term Loan Facility. We intend to use the net proceeds from this offering to repay in whole or in part our Second Lien Term Loan Facility. See “Use of Proceeds.” To the extent that we are unable to make payments under the income tax receivable agreement for any reason, such payments will be deferred and will accrue interest at a rate of LIBOR plus 200 basis points per annum until paid.

The Company has a full valuation allowance on its deferred tax assets as of March 26, 2014. As a result of this full valuation allowance position, the gross liability that could be paid in future years under the income tax receivable agreement will be recognized as future operating expenses at the earlier of the utilization of the prior net operating losses or release of the valuation allowance on the existing deferred tax assets.

### **Franchise Development Option Agreement**

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

## PRINCIPAL STOCKHOLDERS

The following table sets forth information about the beneficial ownership of our common stock at July 14, 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 28,715,550 shares of our common stock outstanding as of July 14, 2014, and 35,858,407 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 July 14, 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	1,276,680	4.4%	1,276,680	3.6%
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 (10 persons)	1,898,592	6.6%	1,898,592	5.3%
<b>5% Stockholders:</b>				
Trimaran Pollo Partners, L.L.C.	28,557,989	99.5%	28,557,989	79.6%
Investment funds affiliated with Trimaran Capital Partners <sup>(2)</sup>	16,480,815	57.4%	16,480,815	46.0%
Investment funds affiliated with Freeman Spogli & Co. <sup>(3)</sup>	9,437,683	32.9%	9,437,683	26.3%

(1) \* Less than one percent.

(2) Trimaran Capital, L.L.C. owns 43,642.39 (1.30%) membership units of LLC, Trimaran Fund II, L.L.C. owns 675,922.05 (20.16%) membership units of LLC, Trimaran Parallell Fund II, L.P., owns 284,581.94 (8.49%) membership units of LLC, CIBC Employee Private Equity Fund (Trimaran) Partners owns 440,126.52 (13.13%) membership units of LLC and CIBC Capital Corporation owns 480,164.44 (14.32%) membership units of LLC. Trimaran Investments II, L.L.C. has sole power to vote and dispose of the shares held by the foregoing entities. Dean C. Kehler is a managing member of Trimaran Investments II, L.L.C., and as such may be deemed to have voting and dispositive power over the shares of common stock held by LLC. Dean C. Kehler disclaims beneficial ownership of these shares. The address of Trimaran Investments II, L.L.C. is c/o Trimaran Capital Partners, 1325 Avenue of the Americas, 25th Floor, New York, NY 10019.

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(3) FS Equity Partners V, L.P. owns 1,087,495.62 (32.43%) membership units of LLC and FS Affiliates V, L.P. owns 14,546.96 (0.43%) membership units of LLC. FS Capital Partners V, LLC, as the general partner of FS Equity Partners V, L.P. and FS Affiliates V, L.P., has the sole power to vote and dispose of the shares held by the foregoing entities. Messrs. Bradford M. Freeman, Todd W. Halloran, Jon D. Ralph, John M. Roth, J. Frederick Simmons, Ronald P. Spogli and William M. Wardlaw are managing members of FS Capital Partners V, LLC and Messrs. Freeman, Halloran, Ralph, Roth, Simmons, Spogli and Wardlaw are the members of Freeman Spogli & Co., and as such may be deemed to be the beneficial owners of the shares held by the foregoing entities. Messrs. Freeman, Halloran, Ralph, Roth, Simmons, Spogli and Wardlaw each disclaims beneficial ownership in the shares except to the extent of his pecuniary interest in them. The address of FS Capital Partners V, LLC is FS Capital Partners V, LLC c/o Freeman Spogli & Co., 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, CA 90025.

## 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 200,000,000 shares of common stock, par value \$0.01 per share; and 100,000,000 shares of preferred stock, par value \$0.01 per share.

Upon completion of this offering, there will be outstanding 35,858,407 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 100,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon each such series of preferred stock, including voting rights, dividend rights, conversion rights, terms of redemption, liquidation preference, sinking fund terms, subscription rights and the number of shares constituting any series or the designation of a series.

Our board of directors 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 40% of our common stock, our directors may be removed with or without cause, by a majority of the voting power of the outstanding stock voting as a single class. The provision for our classified board of directors may be amended, altered or repealed only upon the affirmative vote of the holders of a majority of our outstanding voting stock.

### ***Number of Directors; Vacancies***

Our certificate of incorporation will provide that the number of directors on our board will be fixed exclusively pursuant to resolution adopted by our board of 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 seven 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 40% 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 40% of our common stock.

### ***No Cumulative Voting***

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

### ***Stockholder Proposals and Nominations***

Our bylaws 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.

### ***Supermajority provisions***

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

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

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

***Delaware Anti-Takeover Statute***

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

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

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

- 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.

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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.

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 American Stock Transfer & Trust Company, LLC. Its address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

### **Listing**

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 35,858,407 shares of common stock issued and outstanding (or a maximum of 36,929,836 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 36,929,836 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 46.0% and 26.3% of our outstanding common stock will be beneficially owned by Trimaran and Freeman Spogli, respectively (or 44.6% and 25.6% 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 (Conflicts of Interest)—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 NASDAQ during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

### **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 1,573,601 shares of our common stock reserved for issuance under our equity incentive plans. 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 16,480,516 shares and 9,437,683 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 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 (CONFLICTS OF INTEREST)

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	
William Blair & Company, L.L.C.	
Stifel, Nicolaus & Company, Incorporated	
Total	<u>7,142,857</u>

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers' certificates and legal opinions and approval of certain legal matters by their counsel. The underwriting agreement provides that the underwriters will purchase all of the shares of common stock if any of them are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated. We 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 \$ . We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to \$30,000. The underwriters have agreed to reimburse us for certain of our expenses in connection with the offering.

### **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 1,071,429 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 stockholders 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.

### **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. Morgan Stanley & Co. LLC 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. Morgan Stanley & Co. LLC will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify Morgan Stanley & Co. LLC 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 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

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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. 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.

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

### ***Hong Kong***

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

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

### ***Japan***

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

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

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

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

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

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

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

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

### **Switzerland**

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

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

### **United Kingdom**

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

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

## LEGAL MATTERS

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

## EXPERTS

The financial statements 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, except for Note 16 which is as of July 14, 2014

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

	December 25, 2013	December 26, 2012
<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>	<b>26,830</b>	<b>28,854</b>
<b>Property and equipment owned, net</b>	<b>68,641</b>	<b>64,808</b>
<b>Property held under capital lease, net</b>	<b>180</b>	<b>244</b>
<b>Goodwill</b>	<b>249,324</b>	<b>249,924</b>
<b>Domestic trademarks</b>	<b>61,888</b>	<b>61,888</b>
<b>Other intangible assets, net</b>	<b>934</b>	<b>1,106</b>
<b>Other assets</b>	<b>8,703</b>	<b>11,074</b>
<b>Total assets</b>	<b>\$ 416,500</b>	<b>\$ 417,898</b>

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—200,000,000 shares authorized; 28,712,622 shares issued and outstanding	287	287
Additional paid-in capital	240,151	239,329
Accumulated deficit	(191,902)	(175,029)
<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	\$ (0.59)	\$ (0.27)
<b>Weighted average shares used in computing net loss per share</b>		
Basic and diluted	28,712,622	28,712,194

See notes to consolidated financial statements.

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

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

See notes to consolidated financial statements.

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

<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):

For the Years Ending	Favorable Leasehold Interest	Unfavorable Leasehold Interest
December 31, 2014	\$ 156	\$ (383)
December 30, 2015	140	(296)
December 28, 2016	130	(228)
December 27, 2017	106	(225)
December 26, 2018	97	(144)
Thereafter	305	(651)
Total	\$ 934	\$ (1,927)

The remaining weighted average amortization periods of the favorable leasehold interest and the unfavorable leasehold liability are 4 years and 9 years, respectively.

**5. LEASES**

The Company's operations utilize property, facilities, equipment and vehicles owned by the Company or leased from others. Buildings and facilities leased from others are primarily for restaurants and support facilities. Restaurants are operated under lease arrangements that generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or gross revenues in excess of a defined amount. Initial terms of land and restaurant building leases generally are not less than 20 years, exclusive of options to renew. Leases of equipment primarily consist of restaurant equipment, computer systems and vehicles. The Company subleases facilities to certain franchisees and other non-related parties which are recorded on a straight-line basis.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Information regarding the Company's future lease obligations at December 25, 2013 is as follows (in thousands):

For the Years Ending	Capital Leases		Operating Leases	
	Minimum Lease Payments	Minimum Sublease Income	Minimum Lease Payments	Minimum Sublease Income
December 31, 2014	\$ 416	\$ 115	\$ 18,645	\$ 1,004
December 30, 2015	320	72	17,203	704
December 28, 2016	258	72	15,982	595
December 27, 2017	199	28	15,431	511
December 26, 2018	172	—	13,851	354
Thereafter	249	—	78,248	116
Total	1,614	\$ 287	\$ 159,360	\$ 3,284
Less: imputed interest (11.0% to 14.8%)	(500)			
Present value of capital lease obligations	1,114			
Less: current maturities	(267)			
Noncurrent portion	\$ 847			

Net rent expense is as follows (in thousands):

For the Years Ended	December 25, 2013	December 26, 2012
Base rent	\$ 18,732	\$ 18,331
Contingent rent	491	418
Less: sublease income	(3,602)	(3,489)
Net rent expense	\$ 15,621	\$ 15,260

Base rent and contingent rent are included in occupancy and other operating expenses, while sublease income is included in franchise revenue in the accompanying consolidated statements of operations. Sublease income includes contingent rental income of \$1.7 million and \$1.6 million for the years ended December 25, 2013 and December 26, 2012, respectively.

The Company is a lessor for certain property, facilities and equipment owned by the Company and leased to others, principally franchisees, under noncancelable leases with initial terms ranging from three to nine years. The lease agreements generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or gross revenues. Total rental income, included in franchise revenue in the accompanying consolidated statements of operations, for leased property was \$377,000 and \$366,000 for the years ended December 25, 2013 and December 26, 2012, respectively.

Minimum future rental income for company-operated properties under noncancelable operating leases, which is recorded on a straight-line basis, in effect as of December 25, 2013 is as follows (in thousands):

For the Years Ending	
December 31, 2014	\$244
December 30, 2015	215
December 28, 2016	101
December 27, 2017	84
December 26, 2018	84
Total future minimum rental income	\$728

**EL POLLO LOCO HOLDINGS, INC.**

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

**6. NEW CREDIT AGREEMENTS**

On October 11, 2013 (the “Closing Date”) the Company refinanced its debt, with EPL entering into (i) a new first lien credit agreement (“First Lien Credit Agreement”) that includes a \$190 million Senior Secured Term Loan (“First Lien Term Loan”) and a senior secured revolving credit facility of \$15 million (“Revolver”) that, in each case, matures in October, 2018, and (ii) a new second lien credit agreement (“Second Lien Credit Agreement” and together with the First Lien Credit Agreement, the “Credit Agreements”) that includes a \$100 million Second Lien Term Loan (“Second Lien Term Loan”) and together with the First Lien Term Loan, (the “Term Loans”) that matures in April 2019. The proceeds received from the Term Loans on the Closing Date plus \$14.4 million funded by the Company were used to pay off the senior secured first lien credit facility due July 2017 and 17% second priority senior secured notes due January 2018 (collectively, the “Prior Credit Agreements”) and to pay fees and expenses in connection therewith.

The Credit Agreements were executed with Intermediate as guarantor, Jefferies Finance LLC, as administrative and collateral agents and solely with respect to the First Lien Credit Agreement, General Electric Capital Corporation as documentation agent, swingline lender and issuing bank.

The Credit Agreements contain a number of negative and financial covenants, including, among others, the following (all subject to certain exceptions): a maximum total leverage ratio covenant, a minimum interest coverage ratio covenant, a maximum capital expenditure covenant, and limitations on indebtedness, liens, investments, asset sales, mergers, consolidations, liquidations and dissolutions, restricted payments and negative pledges. The Credit Agreement also contains certain customary affirmative covenants and events of default. The Company was in compliance with all such covenants at December 25, 2013.

**First Lien Credit Agreement**

Loans under the First Lien Credit Agreement bear interest, at an Alternate Base Rate or LIBOR, at EPL’s option, plus an applicable margin. The applicable margin rate under the First Lien Credit Agreement is 4.25% with respect to LIBOR loans and 3.25% with respect to Alternate Base Rate loans with a 1.00% floor with respect to the LIBOR rate. Interest is due on loan amounts under Alternate Base Rate elections on a monthly basis and on loan amounts bearing interest based on LIBOR at the end of each interest period in effect, provided, that with respect to LIBOR interest periods that are longer than three months, interest is payable at three month intervals. The First Lien Term Loan was issued at a discount of \$950,000, and this discount is being accreted over the term of the loan, using the effective interest method. The unamortized discount at December 25, 2013 is \$910,000.

The First Lien Term Loan requires quarterly principal payments of 0.25% be made commencing March 26, 2014. Obligations under the First Lien Credit Agreement are secured by a first priority lien on substantially all of EPL’s and Intermediate’s assets.

The Revolver provides for a \$15 million revolving line of credit. At December 25, 2013, \$7.3 million of letters of credit are outstanding and \$7.7 million is available to borrow under the revolving line of credit.

**Second Lien Credit Agreement**

Loans under the Second Lien Credit Agreements bear interest, at an Alternate Base Rate or LIBOR, at EPL’s option, plus an applicable margin. The applicable margin rate under the Second Lien Credit Agreement is 8.50% with respect to LIBOR loans and 7.50% with respect to Alternate Base Rate loans with a 1.00% floor with respect to the LIBOR rate. Interest is due on loan amounts under Alternate Base Rate elections on a monthly basis and on loan amounts bearing interest based on LIBOR at the end of each interest period in effect, provided, that with respect to LIBOR interest periods that are longer than three months, interest is payable at three month intervals. The Second Lien Term Loan was issued at a discount of \$1.0 million, and this discount is being accreted over the term of the loan, using the effective interest method. The unamortized discount at December 25, 2013 is \$962,000. The Second Lien Term Loan and the related guarantees are secured by a second-priority lien on substantially all of the assets and equity interests of EPL and Intermediate, subject to certain exceptions, which will also secure the First Lien Term Loan on a first-priority basis.

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

**Transaction costs**

Transaction costs of \$8.1 million were incurred in connection with the October 11, 2013 refinancing and were capitalized and are included in other assets in the accompanying consolidated balance sheets and the related amortization is reflected as a component of interest expense, net in the accompanying consolidated financial statements.

**Maturities**

Annual principal maturities of the First Lien Term Loan and the Second Lien Term Loan fall due as follows (in thousands):

<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:

For the Years Ended	December 25, 2013	December 26, 2012
Statutory regular federal income tax rate	35.0%	35.0%
State tax benefit (net of federal benefit)	5.4	12.7
Change in tax rate	—	(15.5)
Change in valuation allowance	(43.4)	(75.9)
Other	(6.5)	5.2
<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):

	December 25, 2013	December 26, 2012
<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 3,338,096 and 3,472,539 shares, respectively, of common stock of the Company were outstanding. Included in the December 25, 2013 amount are 1,709,748 options that are fully vested. The remaining options vest over time or upon the Company's attaining annual financial goals. However, upon the occurrence of an initial public offering or a change in control of the Company, the vesting may be accelerated as deemed appropriate at the sole discretion of the board. In fiscal 2013 and 2012, the Company granted 535,238 and 2,126,677 options with an exercise price of \$5.84 which is greater than the fair value of

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the common stock on the date of grant. The options generally expire 10 years from the date of grant. As of December 25, 2013, 2,062,448 premium options remain outstanding. In fiscal 2013 and 2012, the Company granted 267,619 and 1,063,343 options with an exercise price equal to the fair value of the common stock on the date of grant. Of the total options granted in fiscal 2013 and 2012, 50% are performance based and vest according to whether certain financial targets are met, and the remaining 50% vest over four and three years, respectively.

Changes in stock options for the years ended December 25, 2013 and December 26, 2012 are as follows:

	Shares	Weighted-Average Exercise Price
Outstanding—December 28, 2011	576,370	\$ 9.74
Grants	3,190,019	4.77
Exercised	(8,093)	1.18
Forfeited, cancelled or expired	(285,757)	9.23
Outstanding—December 26, 2012	3,472,539	5.23
Grants	802,857	5.25
Exercised	—	—
Forfeited, cancelled or expired	(937,300)	4.98
Outstanding—December 25, 2013	3,338,096	\$ 5.31
Vested and expected to vest at December 25, 2013	3,338,096	\$ 5.31
Exercisable at December 25, 2013	1,709,748	\$ 5.36

Stock options at December 25, 2013 are summarized as follows:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (in Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$ 1.81 – \$ 4.09	1,057,279	8.43	\$ 2.98	533,551	\$ 2.69
5.84 – 10.09	2,157,703	8.32	6.02	1,110,247	6.20
12.71 – 12.72	123,113	3.02	12.71	65,950	12.71
\$ 1.81 – \$12.72	3,338,096	8.16	\$ 5.31	1,709,748	\$ 5.36

The intrinsic value of options outstanding and options exercisable, calculated as the difference between the market value as of December 25, 2013 and the exercise price, are \$13.9 million and \$7.1 million, respectively.

Options are accounted for as follows:

**Employee Options**

The Company expenses the estimated fair value of employee stock options and similar awards based on the grant-date fair value of the award. For options that are based on a service requirement, the cost is recognized on a straight-line basis over the period during which an employee is required to provide service, usually the vesting period. The options granted in fiscal 2012 had a three year vesting period while the options granted in fiscal 2013 had a four year vesting period. For options that are based on a performance requirement, the cost is recognized over the period which the performance criteria relate to. The Company has authorized 5,521,037 shares of common stock for issuance in connection with stock options. As of December 25, 2013, 503,124 were available for grant.

**EL POLLO LOCO HOLDINGS, INC.**

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

In order to meet the fair value measurement objective, the Company utilizes the Black-Scholes option-pricing model to value compensation expense for share-based awards and has developed estimates of various inputs including forfeiture rate, expected term life, expected volatility, and risk-free interest rate. The forfeiture rate is based on historical rates and reduces the compensation expense recognized. The expected term of options granted is derived from the simplified method. The risk-free interest rate is based on the implied yield on a U.S. Treasury constant maturity with a remaining term equal to the expected term of the Company's employee stock options. Expected volatility is based on the comparative industry entity data. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero for option valuation. The volatility factor was determined based on four publicly-traded companies which are in the same market category as the Company. The peer companies were selected based on similarity of market capitalization, size and certain operating characteristics. The calculated volatility was established by taking the historical daily closing values prior to grant date, over a period equal to the expected term, for each of the peer companies.

The weighted-average estimated fair value of employee stock options granted during the year ended December 25, 2013 was \$1.40 per share using the Black-Scholes model with the following weighted-average assumptions used to value the option grants: Expected volatility of 40.6%; Expected life of 6.25; Risk-free interest rates of 1.15% to 1.99%; and expected dividends—0%.

The weighted-average estimated fair value of employee stock options granted during the year ended December 26, 2012 was \$0.60 per share using the Black-Scholes model with the following weighted-average assumptions used to value the option grants: Expected volatility of 39.0%; Expected life—5.75 years; Risk-free interest rates—1.02%; and expected dividends—0%.

During the years ended December 25, 2013 and December 26, 2012, the Company recognized share-based compensation expense of \$822,000 and \$860,000, respectively. These expenses were included in general and administrative expenses consistent with the salary expense for the related optionees in the accompanying consolidated statements of operations.

As of December 25, 2013, there was total unrecognized compensation expense of \$860,000 related to unvested stock options which the Company expects to recognize over a weighted average period of 1.8 years.

The Company has a Stockholders Agreement that provides that, under certain circumstances, certain management holders of shares, including shares acquired from exercise of option awards, can put such shares to the Company at fair market value. Because the events that could trigger the right to put are not within the control of the management holders, such option awards are classified as liabilities only when the condition that could trigger the put right is probable of occurring. As of December 25, 2013, the Company concluded that the contingent events are not probable and therefore the option awards are classified as equity. The Company's Stockholders Agreement also provides the Company with call rights if a management holder leaves the Company for various reasons. The Company has sufficient authorized capital, has the ability to deliver shares, and does not have a practice of repurchasing shares for cash. Upon the completion of a qualified initial public offering, the related shares will no longer be puttable or callable.

**13. NET LOSS PER SHARE**

Basic net loss per share is calculated using the weighted average shares of common stock outstanding during the years ended December 25, 2013 and December 26, 2012. Diluted net loss per share is calculated using the weighted average number of common and potentially dilutive common shares outstanding during the period, using the treasury stock method.

For the year ended December 25, 2013, potentially dilutive securities, which consist of options to purchase 1,709,748 shares of common stock at prices ranging from \$1.81 to \$12.72 were not included in the computation of diluted net loss per share because such inclusion would be antidilutive.

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

For the year ended December 26, 2012, potentially dilutive securities, which consist of options to purchase 836,402 shares of common stock at prices ranging from \$1.81 to \$12.72 were not included in the computation of diluted net loss per share because such inclusion would be antidilutive.

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

<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	28,712,622	28,712,194
Net Loss Per Share	\$ (0.59)	\$ (0.27)

**14. COMMITMENTS AND CONTINGENCIES****Legal Matters**

On or about February 24, 2014, a former employee filed a class action in the Superior Court of the State of California, County of Orange, against EPL on behalf of all putative class members (all hourly employees from 2010 to the present) alleging certain violations of California labor laws, including failure to pay overtime compensation, failure to provide meal periods and rest breaks and failure to provide itemized wage statements. The putative lead plaintiff's requested remedies include compensatory and punitive damages, injunctive relief, disgorgement of profits and reasonable attorneys' fees and costs. The Company was served with the complaint on March 3, 2014. While the Company intends to vigorously defend against this action, including its class certification, the ultimate outcome of the case is presently not determinable as it is in a preliminary phase. Thus, the Company cannot at this time determine the likelihood of an adverse judgment or a likely range of damages in the event of an adverse judgment. Any settlement of or judgment with a negative outcome arising from such lawsuit could have an adverse material impact.

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

**Purchasing Commitments**

The Company has long-term beverage supply agreements with certain major beverage vendors. Pursuant to the terms of these arrangements, marketing rebates are provided to the Company and its franchisees from the beverage vendors based upon the dollar volume of purchases for system-wide restaurants which will vary according to their demand for beverage syrup and fluctuations in the market rates for beverage syrup. These contracts have terms extending into 2017 with an estimated Company obligation totaling \$24.3 million.

At December 25, 2013, the Company's total estimated commitment to purchase chicken was \$2.4 million.

**Contingent Lease Obligations**

As a result of assigning the Company's interest in obligations under real estate leases in connection with the sale of Company-operated restaurants to some of the Company's franchisees, the Company is contingently liable on two lease agreements. These leases have various terms, the latest of which expires in 2015. As of December 25, 2013, the

**EL POLLO LOCO HOLDINGS, INC.**

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

potential amount of undiscounted payments the Company could be required to make in the event of non-payment by the primary lessee was \$158,000. The present value of these potential payments discounted at the Company's estimated pre-tax cost of debt at December 25, 2013 was \$139,000. The Company's franchisees are primarily liable on the leases. The Company has cross-default provisions with these franchisees that would put them in default of their franchise agreement in the event of non-payment under the leases. The Company believes these cross-default provisions reduce the risk that payments will be required to be made under these leases. Accordingly, no liability has been recorded in the Company's consolidated financial statements related to these guarantees.

**Employment Agreements**

The Company has employment agreements with four of the officers of the Company on an at will basis. These agreements provide for minimum salary levels, possible annual adjustments for cost-of-living changes, and incentive bonuses that are payable under certain business conditions.

**Indemnification Agreements**

The Company has entered into indemnification agreements with each of the current directors and executive officers. These agreements require the Company to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to the Company and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. The Company also intends to enter into indemnification agreements with our future directors and executive officers.

**15. RELATED PARTY TRANSACTIONS**

Trimaran Capital LLC ("Trimaran") and Freeman Spogli & Co. ("Freeman Spogli") indirectly beneficially own shares sufficient for majority control over all matters requiring stockholder votes, including: the election of directors; mergers, consolidations and acquisitions; the sale of all or substantially all of the Company's assets and other decisions affecting the Company's capital structure; amendments to the Company's certificate of incorporation or bylaws; and the Company's winding up and dissolution. Furthermore, pursuant to the limited liability company operating agreement of LLC, investment funds managed by Trimaran and Freeman Spogli will have the right to instruct LLC to appoint certain members of the board of directors and board committees of the Company, subject to certain conditions. Specifically, provided LLC owns a majority of the Company's common stock, Freeman Spogli will be able to appoint one member of the board of directors for so long as they hold 5% of the outstanding membership interests of LLC and Trimaran will be able to appoint the remaining members of the board of directors.

On November 18, 2005, the Company entered into a Monitoring and Management Services Agreement (the "Agreement") with Trimaran Fund Management, LLC ("Fund Management"), an affiliate of the majority owner of the Company and of certain directors, which provides for annual fees of \$500,000 and reasonable expenses. This Agreement was amended on December 26, 2007 to add an affiliate of FS Equity Partners V, L.P., FS Affiliates V, L.P. (minority shareholders of the Company) as a party to the Agreement. Such party shares in the fees payable under the Agreement. During the years ended December 25, 2013 and December 26, 2012, \$624,000 and \$612,000, respectively, were paid pursuant to this Agreement. These amounts are included in general and administrative expenses in the accompanying consolidated statements of operations.

**16. STOCK SPLIT AND AUTHORIZATION OF ADDITIONAL SHARES**

On July 14, 2014, the Company amended its certificate of incorporation to increase the number of shares the Company is authorized to issue to 200,000,000 shares of common stock, par value \$0.01 per share. The amendment of the certificate of incorporation effected an internal recapitalization pursuant to which the Company effected an 8.56381-for-1 stock split on its outstanding common stock.

Accordingly, all common share and per share amounts in these consolidated financial statements and the notes thereto have been adjusted to reflect the 8.56381-for-1 stock split as though it had occurred at the beginning of the initial period presented.

**SCHEDULE 1**  
**CONDENSED FINANCIAL INFORMATION OF REGISTRANT**  
**EL POLLO LOCO HOLDINGS, INC.**  
**PARENT COMPANY FINANCIAL STATEMENTS**

**SCHEDULE 1**

**Report of Independent Registered Public Accounting Firm**

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

The audits referred to in our report to El Pollo Loco Holdings, Inc. (the “Company”), dated April 25, 2014, except for Note 16 which is as of July 14, 2014, which is contained in the Prospectus constituting part of this Registration Statement, also included the audit of the financial statement schedule listed under Item 16(b) as of December 25, 2013 and December 26, 2012 and for each of the two years in the period ended December 25, 2013. The financial statement schedule is the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ BDO USA, LLP  
Costa Mesa, California

June 4, 2014, except for Note 4 which is as of July 14, 2014

## SCHEDULE 1

## CONDENSED FINANCIAL INFORMATION OF REGISTRANT

## EL POLLO LOCO HOLDINGS, INC.

PARENT COMPANY BALANCE SHEETS  
(Amounts in thousands, except share data)

	December 25, 2013	December 26, 2012
<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—200,000,000 shares authorized; 28,712,622 shares issued and outstanding	287	287
Additional paid-in capital	240,151	239,329
Accumulated deficit	(191,902)	(175,029)
<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	\$ (0.59)	\$ (0.27)
<b>Weighted average shares used in computing net loss per share</b>		
Basic and diluted	28,712,622	28,712,194

See notes to consolidated financial statements.

## SCHEDULE 1

## EL POLLO LOCO HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(Amounts in thousands, except share data)

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

See notes to consolidated financial statements.

## SCHEDULE 1

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

For the Years Ended	December 25, 2013	December 26, 2012
<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>	(86)	(75)
Cash and cash equivalents, beginning of year	4,480	4,555
Cash and cash equivalents, end of year	\$ 4,394	\$ 4,480

See notes to consolidated financial statements.

## SCHEDULE 1

### EL POLLO LOCO HOLDINGS, INC.

#### NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

##### 1. BACKGROUND AND BASIS OF PRESENTATION

The accompanying condensed financial statements include only the accounts of El Pollo Loco Holdings, Inc. (“Holdings”). Holdings is a Delaware corporation headquartered in Costa Mesa, California. Holdings and its direct and indirect subsidiaries are collectively known as the “Company”. Investments in the Company’s subsidiaries are accounted for under the equity method. These parent company financial statements have been prepared in accordance with Rule 12-04 of Regulation S-X, as restricted net assets of the Company’s subsidiaries exceed 25% of the Company’s consolidated net assets as of December 25, 2013.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted since this information is included in the Company’s annual consolidated financial statements included in this registration statement.

##### 2. RESTRICTED NET ASSETS OF SUBSIDIARIES

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

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

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

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

##### 3. COMMITMENTS AND CONTINGENCIES

As of December 25, 2013 and December 26, 2012, El Pollo Holdings, Inc. had no commitments and contingencies, other than those incurred through its direct and indirect subsidiaries.

##### 4. STOCK SPLIT AND AUTHORIZATION OF ADDITIONAL SHARES

On July 14, 2014, the Company amended its certificate of incorporation to increase the number of shares the Company is authorized to issue to 200,000,000 shares of common stock, par value \$0.01 per share. The amendment of the certificate of incorporation effected an internal recapitalization pursuant to which the Company effected an 8.56381-for-1 stock split on its outstanding common stock.

Accordingly, all common share and per share amounts in these parent company financial statements and the notes thereto have been adjusted to reflect the 8.56381-for-1 stock split as though it had occurred at the beginning of the initial period presented.

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

**Unaudited Consolidated Financial Statement**

<a href="#">Condensed Consolidated Balance Sheets—March 26, 2014 and December 25, 2013</a>	F-35
<a href="#">Condensed Consolidated Statements of Operations—For the thirteen weeks ended March 26, 2014 and March 27, 2013</a>	F-37
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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—200,000,000 shares authorized; 28,712,622 shares issued and outstanding	287	287
Additional paid-in-capital	240,320	240,151
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)**

	Thirteen Weeks Ended	
	March 26, 2014	March 27, 2013
<b>Revenue</b>		
Company-operated restaurant revenue	\$ 76,213	\$ 72,069
Franchise revenue	5,214	4,926
<b>Total revenue</b>	81,427	76,995
<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>	59,380	57,290
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>	69,917	67,111
<b>Income from operations</b>	11,510	9,884
Interest expense, net	5,623	9,780
<b>Income before provision for income taxes</b>	5,887	104
Provision for income taxes	(417)	(164)
<b>Net income (loss)</b>	\$ 5,470	\$ (60)
<b>Net income (loss) per share</b>		
Basic	\$ 0.19	\$ (0.00)
Diluted	\$ 0.18	\$ (0.00)
<b>Weighted average shares used in computing net income (loss) per share</b>		
Basic	28,712,622	28,712,622
Diluted	30,246,332	28,712,622

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):

	<b>March 26, 2014</b>	<b>December 25, 2013</b>
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 3,338,096 shares of common stock of the Company were outstanding, including 1,709,748 options that are fully vested. The remaining options vest over time, or upon the Company's attaining annual financial goals. However, upon the occurrence of an initial public offering or a change in control of the Company, the vesting may be accelerated as deemed appropriate at the sole discretion of the board. As of March 26, 2014, 2,062,448 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	28,712,622	28,712,622
Weighted average shares outstanding - diluted	30,246,332	28,712,622
Net income (loss) per share - basic	\$ 0.19	\$ (0.00)
Net income (loss) per share - diluted	\$ 0.18	\$ (0.00)
Anti-dilutive securities not considered in diluted EPS Calculation	218,369	3,434,439

The following table sets forth the reconciliation of the shares used in the computation of basic and diluted net income (loss) per share:

	<b>March 26, 2014</b>	<b>March 27, 2013</b>
Weighted average shares outstanding - basic	28,712,622	28,712,622
Dilutive effect of stock options	1,533,710	—
Weighted average shares outstanding - diluted	30,246,332	28,712,622

**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.

**EL POLLO LOCO HOLDINGS, INC.**

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

**11. STOCK SPLIT AND AUTHORIZATION OF ADDITIONAL SHARES**

On July 14, 2014, the Company amended its certificate of incorporation to increase the number of shares the Company is authorized to issue to 200,000,000 shares of common stock, par value \$0.01 per share. The amendment of the certificate of incorporation effected an internal recapitalization pursuant to which the Company effected an 8.56381-for-1 stock split on its outstanding common stock.

Accordingly, all common share and per share amounts in these condensed consolidated financial statements and the notes thereto have been adjusted to reflect the 8.56381-for-1 stock split as though it had occurred at the beginning of the initial period presented.





**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 NASDAQ listing fee) payable by the registrant in connection with the distribution of our common stock:

SEC registration fee	\$ 15,871
FINRA filing fee	18,983
NASDAQ listing fee	125,000
Printing and engraving expenses	240,000
Legal fees and expenses	1,000,000
Accounting fees and expenses	400,000
Transfer agent and registrar fees and expenses	4,000
Miscellaneous	—
<b>Total</b>	<b><u>\$1,803,854</u></b>

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 8,691,282.14 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 5,323.78 shares of our common stock to Julie Weeks for aggregate consideration of \$13,782. The issuances of these securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act, and Regulation D or Regulation S promulgated thereunder, as transactions by an issuer not involving any public offering.
- (3) On February 27, 2012, Brian Carmichall exercised options to purchase 2,552 shares of our common stock at an exercise price of \$2.59 per share. The issuance of these securities was deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer pursuant to benefit plans and contracts relating to compensation as provided under Rule 701.

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- (4) On March 28, 2014, Elizabeth Estis exercised options to purchase 2,928 shares of our common stock at an exercise price of \$9.31 per share. The issuance of these securities was deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer pursuant to benefit plans and contracts relating to compensation as provided under Rule 701.

### **Item 16. Exhibits and Financial Statement Schedules.**

(a) Exhibits: The list of exhibits is set forth in beginning on page II-5 of this Registration Statement and is incorporated herein by reference.

(b) Financial Statement Schedules: No financial statement schedules are provided because the information called for is not applicable or is shown in the financial statements or notes thereto.

### **Item 17. Undertakings.**

\* (f) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

\* (h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

\* (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 July 22, 2014.

El Pollo Loco Holdings, Inc.

/s/ Stephen J. Sather

By: Stephen J. Sather

Title: Chief Executive Officer

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>
<u>/s/ Stephen J. Sather</u> Stephen J. Sather	Director, President and Chief Executive Officer (principal executive officer)	July 22, 2014
<u>/s/ Laurance Roberts</u> Laurance Roberts	Chief Financial Officer (principal financial and accounting officer)	July 22, 2014
<u>*</u> Michael G. Maselli	Chairman and Director	July 22, 2014
<u>*</u> Dean C. Kehler	Director	July 22, 2014
<u>*</u> Wesley W. Barton	Director	July 22, 2014
<u>*</u> John M. Roth	Director	July 22, 2014
<u>*</u> Douglas K. Ammerman	Director	July 22, 2014
<u>*</u> Samuel N. Borgese	Director	July 22, 2014

\* Pursuant to Power of Attorney

By: /s/ Stephen J. Sather  
Stephen J. Sather

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
1.1	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of El Pollo Loco Holdings, Inc.
3.2	Form of Amended and Restated By-Laws 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	Amendment No. 1 to First Lien Credit Agreement, dated as of July 9, 2014, among El Pollo Loco, Inc., EPL Intermediate, Inc., the other guarantors party thereto, the lenders party thereto and Jefferies Finance LLC
10.3	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*
10.4	Stockholders Agreement, dated as of November 18, 2005, by and among El Pollo Loco Holdings, Inc. (formerly Chicken Acquisition Corp.) and the stockholders listed therein*
10.5	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.*
10.6	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.*
10.7	Second Amended and Restated Limited Liability Company Operating Agreement of Trimaran Pollo Partners, L.L.C., dated as of March 8, 2006*
10.8	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*
10.9	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*
10.10	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*
10.11	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.*
10.12	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.*
10.13	Form of Income Tax Receivable Agreement*
10.14	Franchise Development Option Agreement*
10.15	Form of Franchise Agreement*
10.16	Form of Franchise Development Agreement*
10.17	Amended and Restated Employment Agreement between Stephen J. Sather and El Pollo Loco, Inc.*
10.18	Employment Agreement between Laurance Roberts and El Pollo Loco, Inc.*
10.19	Employment Agreement between Kay Bogeajis and El Pollo Loco, Inc.*
10.20	Employment Agreement between Edward Valle and El Pollo Loco, Inc.*
10.21	2012 Stock Option Plan*
10.22	2014 Omnibus Equity Incentive Plan
10.23	Form of Option Award Agreement (Fair Market Value Options) under 2012 Stock Option Plan*
10.24	Form of Option Award Agreement (Premium Options) under 2012 Stock Option Plan*
10.25	Form of Option Award Agreement (Fair Market Value Options) under 2014 Omnibus Equity Incentive Plan
10.26	Form of Non-Officer Director Restricted Share Agreement under 2014 Omnibus Equity Incentive Plan
10.27	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.*
23.4	Consent of Buxton Co.*
24.1	Powers of Attorney*

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\* Previously filed.

[—] Shares

El Pollo Loco Holdings, Inc.

UNDERWRITING AGREEMENT

[—], 2014

JEFFERIES LLC  
520 Madison Avenue  
New York, New York 10022

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

As Representatives of the several Underwriters

Ladies and Gentlemen:

**Introductory.** El Pollo Loco Holdings, Inc., a Delaware corporation (the “**Company**”), proposes to issue and sell to the several underwriters named in Schedule A (the “**Underwriters**”) an aggregate of [—] shares of its common stock, par value \$0.10 per share (the “**Shares**”). The [—] Shares to be sold by the Company are called the “**Firm Shares**.” In addition, the Company has granted to the Underwriters an option to purchase up to an additional [—] Shares as provided in Section 2. The additional [—] Shares to be sold by the Company pursuant to such option are collectively called the “**Optional Shares**.” The Firm Shares and, if and to the extent such option is exercised, the Optional Shares are collectively called the “**Offered Shares**.” Jefferies LLC (“**Jefferies**”) and Morgan Stanley & Co. LLC (“**Morgan Stanley**”) have agreed to act as representatives of the several Underwriters (in such capacity, the “**Representatives**”) in connection with the offering and sale of the Offered Shares. To the extent there are no additional underwriters listed on Schedule A, the term “**Representatives**” as used herein shall mean you, as Underwriters, and the term “**Underwriters**” shall mean either the singular or the plural, as the context requires.

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

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

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

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

The Company hereby confirms its engagement of Morgan Stanley as, and Morgan Stanley hereby confirms its agreement with the Company to render services as a “**qualified independent underwriter**,” within the meaning of Section (f)(12) of Rule 5121 of FINRA with respect to the offering and sale of the Offered Shares. Morgan Stanley, solely in its capacity as the qualified independent underwriter and not otherwise, is referred to herein as the “**QIU**.”

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

#### **Section 1. Representations and Warranties.**

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

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

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

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

**(d) Distribution of Offering Material By the Company.** Prior to the later of (i) the expiration or termination of the option granted to the several Underwriters in Section 2, (ii) the completion of the Underwriters’ distribution of the Offered Shares and (iii) the expiration of 25 days after the date of the

Prospectus, the Company has not distributed and will not distribute any offering material in connection with the offering and sale of the Offered Shares other than the Registration Statement, the Time of Sale Prospectus, the Prospectus or any free writing prospectus reviewed and consented to by the Representatives, the free writing prospectuses, if any, identified on Schedule B hereto and any Permitted Section 5(d) Communications.

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

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

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

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

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

**(j) Financial Statements.** The financial statements filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus present fairly in all material

respects the consolidated financial position of the Company and its subsidiaries as of the dates indicated and the results of their operations, changes in stockholders' equity and cash flows for the periods specified. The supporting schedules included in the Registration Statement present fairly in all material respects the information required to be stated therein. Such financial statements and supporting schedules have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto. No other financial statements or supporting schedules are required to be included in the Registration Statement, the Time of Sale Prospectus or the Prospectus. The financial data set forth in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus under the captions "Prospectus Summary—Summary Consolidated Financial and Other Data," "Selected Historical Consolidated Financial Data" and "Capitalization" fairly present the information set forth therein on a basis consistent with that of the audited financial statements contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus. All disclosures contained in the Registration Statement, any preliminary prospectus or the Prospectus and any free writing prospectus, that constitute non-GAAP financial measures (as defined by the rules and regulations under the Securities Act and the Exchange Act) comply with Regulation G under the Exchange Act and Item 10 of Regulation S-K under the Securities Act, as applicable. To the Company's knowledge, no person who has been suspended or barred from being associated with a registered public accounting firm, or who has failed to comply with any sanction pursuant to Rule 5300 promulgated by the PCAOB, has participated in or otherwise aided the preparation of, or audited, the financial statements, supporting schedules or other financial data filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus.

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

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

**(m) Incorporation and Good Standing of the Company.** The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Time of Sale Prospectus and the

Prospectus and to enter into and perform its obligations under this Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of Delaware and each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the condition (financial or other), earnings, business, properties, operations, assets, liabilities or prospects of the Company and its subsidiaries, considered as one entity (a “**Material Adverse Effect**”).

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

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

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

**(q) Non-Contravention of Existing Instruments; No Further Authorizations or Approvals Required.** Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws,

partnership agreement or operating agreement or similar organizational documents, as applicable, or is in default (or, with the giving of notice or lapse of time, would be in default) (“**Default**”) under any indenture, loan, credit agreement, note, lease, license agreement, contract, franchise or other instrument (including, without limitation, any pledge agreement, security agreement, mortgage or other instrument or agreement evidencing, guaranteeing, securing or relating to indebtedness) to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of their respective properties or assets are subject (each, an “**Existing Instrument**”), except for such Defaults as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. The Company’s execution, delivery and performance of this Agreement, consummation of the transactions contemplated hereby and by the Registration Statement, the Time of Sale Prospectus and the Prospectus and the issuance and sale of the Offered Shares (including the use of proceeds from the sale of the Offered Shares as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus under the caption “Use of Proceeds”) (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the charter or by-laws, partnership agreement or operating agreement or similar organizational documents, as applicable, of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party to, any Existing Instrument, except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect and (iii) will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any of its subsidiaries. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, is required for the Company’s execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby and by the Registration Statement, the Time of Sale Prospectus and the Prospectus, except such as have been obtained or made by the Company and are in full force and effect under the Securities Act and such as may be required under applicable state securities or blue sky laws or FINRA. As used herein, a “**Debt Repayment Triggering Event**” means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

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

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

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

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

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

has been asserted by anyone adverse to the rights of the Company or its subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or its subsidiaries thereof to the continued possession of the leased or subleased premises under any such lease or sublease, except for such defaults or claims that would not reasonably be expected to result in a Material Adverse Effect.

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

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

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

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

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

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

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

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

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

**(ff) Parties to Lock-Up Agreements.** The Company has furnished to the Underwriters a letter agreement in the form attached hereto as Exhibit A (the “Lock-up Agreement”) from each of the persons listed on Exhibit B. Such Exhibit B lists under an appropriate caption the directors and officers of the

Company. If any additional persons shall become directors or officers of the Company prior to the end of the Company Lock-up Period (as defined below), the Company shall cause each such person, prior to or contemporaneously with their appointment or election as a director or officer of the Company, to execute and deliver to Jefferies and Morgan Stanley a Lock-up Agreement.

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

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

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

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

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

indirectly use the proceeds of this offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, or any joint venture partner or other person or entity, for the purpose of financing the activities of or business with any person, or in any country or territory, that currently is the subject to any Sanctions or in any other manner that will result in a violation by any person (including any person participating in the transaction whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past 5 years, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

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

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

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

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

**(qq) Franchise Law.** The Company has made all the necessary filings and obtained all authorizations with such governmental entities necessary to carry on the business of a franchisor offering and selling franchises, except where the failure to obtain such filings and authorizations would not reasonably be expected to have a Material Adverse Effect. Except for those matters that would not reasonably be expected to have a Material Adverse Effect and except for the suspension, if any, of franchise registrations for limited time periods specified in certain states in connection with a proposed

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

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

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

proceedings pending or threatened or contemplated to which any of the Franchise Owners is or would be a party or of which any of their respective properties is or would be subject at law or in equity, before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or before or by any self-regulatory organization or other non-governmental regulatory authority, except any such action, suit, claim, investigation or proceeding which could not result in a judgment, decree or order having, individually or in the aggregate, a Material Adverse Effect.

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

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

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

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

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

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

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

**(b) The First Closing Date.** Delivery of certificates for the Firm Shares to be purchased by the Underwriters and payment therefor shall be made at the offices of Latham & Watkins LLP (or such other place as may be agreed to by the Company and the Representatives) at 9:00 a.m. New York City

time, on [—], 2014, or such other time and date not later than 1:30 p.m. New York City time, on [—], 2014 as the Representatives shall designate by notice to the Company (the time and date of such closing are called the “**First Closing Date**”). The Company hereby acknowledges that circumstances under which the Representatives may provide notice to postpone the First Closing Date as originally scheduled include, but are not limited to, any determination by the Company or the Representatives to recirculate to the public copies of an amended or supplemented Prospectus or a delay as contemplated by the provisions of Section 11.

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

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

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

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

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

### **Section 3. Additional Covenants.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(m) [Reserved].**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Section 9. Indemnification.**

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

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

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

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

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

**(d) Settlements.** The indemnifying party under this Section 9 shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if

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

**(e) Indemnification of the QIU.** Without limitation and in addition to its obligation under the other subsections of this Section 9, the Company, agrees to indemnify and hold harmless Morgan Stanley, in its capacity as the QIU, its affiliates, directors, officers, employees, agents and each person, if any, who controls the QIU within the meaning of the Securities Act or the Exchange Act from and against any loss, claim, damage, liabilities or expense, as incurred, arising out of or based upon the QIU's acting as a "qualified independent underwriter" (within the meaning of Rule 5121 of the FINRA's Securities Offering and Trading Standards and Practices Rules) in connection with the offering contemplated by this Agreement, and agrees to reimburse each such indemnified person for any legal or other expense reasonably incurred by them in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; *provided, however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense results from the gross negligence or willful misconduct of the QIU.

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

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

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

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

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

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

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

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

**Section 14. Representations and Indemnities to Survive Delivery.** The respective indemnities, agreements, representations, warranties and other statements of the Company, of its officers

and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of its or their partners, officers or directors or any controlling person, as the case may be, and, anything herein to the contrary notwithstanding, will survive delivery of and payment for the Offered Shares sold hereunder and any termination of this Agreement.

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

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

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

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

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

**Section 18. Governing Law Provisions.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed in such state. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby (“**Related Proceedings**”) may be instituted in the federal courts of the United States of America located in the Borough of Manhattan in the City of New York or the courts of the State of New York in each case located in the Borough of Manhattan in the City of New York (collectively, the “**Specified Courts**”), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a “**Related Judgment**”), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party’s address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum.

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

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

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

Very truly yours,

**EL POLLO LOCO HOLDINGS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

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

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

**JEFFERIES LLC**

By: \_\_\_\_\_  
Name:  
Title:

**MORGAN STANLEY & CO. LLC**

By: \_\_\_\_\_  
Name:  
Title:

Underwriters	Number of Firm Shares to be Purchased
Jefferies LLC	[—]
Morgan Stanley & Co. LLC	[—]
Robert W. Baird & Co. Incorporated	[—]
William Blair & Company, L.L.C.	[—]
Stifel, Nicolaus & Company, Incorporated	[—]
Total	[—]

**Free Writing Prospectuses Included in the Time of Sale Prospectus**

**Permitted Section 5(d) Communications**

Form of Lock-up Agreement

[—], 2014

JEFFERIES LLC  
520 Madison Avenue  
New York, New York 10022

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

As Representatives of the several Underwriters

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

Ladies & Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Signature

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Printed Name of Person Signing

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

**Certain Defined Terms  
Used in Lock-up Agreement**

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

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

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

**Directors, Officers and Others**  
**Signing Lock-up Agreement**

Directors:

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

Officers:

Laurance Roberts  
Kay Bogeajis  
Edward Valle

Others:

Trimaran Pollo Partners, L.L.C.

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

**Form of CFO Certificate**

El Pollo Loco Holdings, Inc.

**Chief Financial Officer's Certificate**

[—], 2014

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

1. I am providing this certificate in connection with the sale of shares of common stock, par value \$0.01 per share of the Company (the "Shares") pursuant to an underwriting agreement, dated [—], 2014 by and among the Company and Jefferies LLC and Morgan Stanley & Co. LLC, as Representatives of the several Underwriters named in Schedule A thereto (the "Underwriters"), as described in the registration statement (No. 333-197001) on Form S-1 filed by the Company under the Securities Act of 1933 (the "Registration Statement") relating to the Shares.
2. I am familiar with the accounting, operations and records systems of the Company and its consolidated subsidiaries.
3. I have (i) read the Registration Statement and (ii) reviewed the circled information contained in the attached Exhibit A, which is included in the Registration Statement.
4. Nothing has come to my attention that causes me to believe that the circled information contained in the attached Exhibit A is not true, correct and accurate in all respects.
5. I or members of my staff who are responsible for the Company's financial and accounting matters have reviewed the items circled in the attached Exhibit A and have compared such items to the Company's accounting records, and found such items to be in agreement.

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

*[Remainder of page intentionally left blank]*

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

By: \_\_\_\_\_  
Name: Laurance Roberts  
Title: Chief Financial Officer

## AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

EL POLLO LOCO HOLDINGS, INC.

The undersigned, Stephen J. Sather, certifies that he is the Chief Executive Officer, President and Director of El Pollo Loco Holdings, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), and does hereby further certify as follows:

(1) The name of the Corporation is El Pollo Loco Holdings, Inc.

(2) The name under which the Corporation was originally incorporated was EP Acquisition Corp. and the original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on September 13, 2005. The original Certificate of Incorporation was amended on (i) September 22, 2005, by filing a certificate of amendment with the Secretary of State of the State of Delaware, (ii) December 1, 2005, by filing a certificate of correction with the Secretary of State of the State of Delaware, (iii) December 6, 2005, by filing a restated certificate of incorporation with the Secretary of State of the State of Delaware, (iv) July 6, 2007, by filing a certificate of change of registered agent with the Secretary of State of the State of Delaware, (v) April 21, 2014, by filing a certificate of ownership and merger with the Secretary of State of the State of Delaware and (vi) July 14, 2014, by filing a certificate of amendment with the Secretary of State of the State of Delaware (collectively, the "Original Certificate of Incorporation"). Pursuant to the certificate of amendment filed on September 22, 2005, the Corporation changed its name to Chicken Acquisition Corp. Pursuant to the certificate of ownership and merger filed on April 21, 2014, the Corporation changed its name to El Pollo Loco Holdings, Inc.

(3) In lieu of a meeting of the Board of Directors of the Corporation (the "Board of Directors"), the Board of Directors has, by unanimous written consent dated July 21, 2014, authorized the amendment and restatement of the Corporation's Original Certificate of Incorporation as set forth herein in accordance with the provisions of Sections 141(f), 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL"). In lieu of a meeting of the stockholders of the Corporation, the Corporation's

stockholders have, by written consent dated July 21, 2014, approved the amendment and restatement of the Corporation's Original Certificate of Incorporation as set forth herein in accordance with the provisions of Section 228 of the DGCL, and such consent has been filed with the minutes of the proceedings of stockholders of the Corporation.

(4) This Amended and Restated Certificate of Incorporation restates and integrates and further amends the Original Certificate of Incorporation, as heretofore amended or supplemented.

(5) The effective time of this Amended and Restated Certificate of Incorporation is [ : ] [a.m./p.m.] on [ ], 2014.

The text of the Original Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

FIRST: The name of the Corporation is El Pollo Loco Holdings, Inc. (hereinafter, the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, 19808, County of New Castle. The name of its registered agent at that address is Corporation Service Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

FOURTH:

(a) Authorized Capital Stock. The total number of shares of stock which the Corporation shall have authority to issue is 300,000,000 of which the Corporation shall have authority to issue 200,000,000 shares of common stock, each having a par value of one cent per share (\$0.01) (the "Common Stock"), and 100,000,000 shares of preferred stock, each having a par value of one cent per share (\$0.01) (the "Preferred Stock").

(b) Common Stock. The powers, preferences and rights, and the qualifications, limitations and restrictions, of the Common Stock are as follows:

(1) Each holder of record of shares of Common Stock shall be entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders of the Corporation on which holders of Common Stock are entitled to vote.

(2) The holders of shares of Common Stock shall not have cumulative voting rights (as defined in Section 214 of the DGCL).

(3) Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Amended and Restated Certificate of Incorporation, as it may be amended from time to time, holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation if, as and when declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor.

(4) In the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, after payment or provision for the payment of the debt and liabilities of the Corporation and subject to the prior payment in full of the preferential amounts, if any, to which any series of Preferred Stock may be entitled, the holders of shares of Common Stock shall be entitled to receive the assets and funds of the Corporation remaining for distribution in proportion to the number of shares held by them, respectively.

(5) No holder of shares of Common Stock shall be entitled to preemptive or subscription rights.

- (c) Preferred Stock. The Board of Directors is expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series and as may be permitted by the DGCL, including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times,

and payable in preference to, or in such relation to, the dividends payable on any other class or classes of stock or any other series of stock; (iii) entitled to such rights upon any liquidation, dissolution or winding-up, whether voluntary or involuntary, of the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or shares of any other series of the same class of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

- (d) Power to Sell and Purchase Shares. Subject to the requirements of applicable law, the Corporation shall have the power to issue and sell all or any part of any shares of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class or of shares of another series of such class, and as otherwise permitted by law. Subject to the requirements of applicable law, the Corporation shall have the power to purchase any shares of any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class or of shares of another series of such class, and as otherwise permitted by law.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

- (a) The business and affairs of the Corporation shall be managed by, or under the direction of, the Board of Directors. In addition to the powers and authority expressly conferred upon the Board of Directors by applicable law, this Amended and Restated Certificate of Incorporation or the Amended and Restated By-Laws of the Corporation (as amended from time to time, the "By-Laws"), the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject to the provisions of the DGCL and this Amended and Restated Certificate of Incorporation.

- (b) The number of directors of the Corporation shall be fixed from time to time exclusively by resolution of the Board of Directors.
- (c) The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2015 annual meeting of stockholders; the term of the initial Class II directors shall terminate on the date of the 2016 annual meeting of stockholders; and the term of the initial Class III directors shall terminate on the date of the 2017 annual meeting of stockholders. Each director in each class shall hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. At each succeeding annual meeting of stockholders beginning in 2015, successors to the class of directors whose term expires at that annual meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders to be held in the third year following the year of their election, with each director in each such class to hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director.
- (d) Subject to the terms of any one or more classes or series of Preferred Stock then outstanding, any vacancy on the Board of Directors that results from (i) removal of a director, (ii) an increase in the number of directors or (iii) death, resignation, disqualification or any other cause, 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, including by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any

director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. The right of stockholders to fill vacancies on the Board of Directors is hereby specifically denied.

- (e) Notwithstanding the foregoing, the election, term, removal and filling of vacancies with respect to directors, if any, elected separately by the holders of one or more classes or series of Preferred Stock shall not be governed by this Article FIFTH, but rather shall be as provided for in the resolutions adopted by the Board of Directors creating and establishing such class or series of Preferred Stock.
- (f) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the Board of Directors is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject to the provisions of the DGCL and this Amended and Restated Certificate of Incorporation.

SIXTH: No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of any fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. If the DGCL is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent authorized by the DGCL, as so amended. Any repeal or modification of this Article SIXTH shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

SEVENTH: The Corporation shall indemnify any person that is or was a director or officer (and any person that is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation (or such other corporation, partnership, joint venture, trust or other enterprise) and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to

indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article SEVENTH shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article SEVENTH.

The rights to indemnification and to the advance of expenses conferred in this Article SEVENTH shall not be exclusive of any other right which any person may have or hereafter acquire under this Amended and Restated Certificate of Incorporation, the By-Laws, any statute or other law, by agreement, vote of stockholders or approval of the directors of the Corporation or otherwise.

Any repeal or modification of this Article SEVENTH shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

EIGHTH. Prior to the first date on which Trimaran Pollo Partners, L.L.C., a Delaware limited liability company (the “Sponsor Holder”) ceases to beneficially own (directly or indirectly) at least forty percent (40%) of the votes entitled to be cast by the shares of the then outstanding capital stock of the Corporation entitled to vote generally in the election of directors (the “Voting Stock”), any action that, under the DGCL, may be taken at a duly called meeting of the stockholders of the Corporation may instead be taken without holding such a meeting by one or more consents in writing or by electronic submission, setting forth the action so taken or to be taken, signed by holders of Voting Stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. From and after the date the Sponsor Holder ceases to beneficially own (directly or indirectly) at least forty percent (40%) of the Voting Stock, any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

If the Sponsor Holder beneficially owns, directly or indirectly, more than 40% of the Voting Stock, any director or the entire Board of Directors may be removed from office at any time, with or without cause, by the affirmative vote of the holders of a majority of the Voting Stock. Otherwise, any director or the entire Board of Directors may only be removed for cause, and only by the affirmative vote of the holders of a majority of the Voting Stock, voting at a duly called meeting of stockholders. The vacancy or vacancies in the Board of Directors caused by any such removal shall be filled as provided in Part (d) of Article FIFTH.

NINTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws.

TENTH: Except as otherwise required by law, special meetings of the stockholders of the Corporation, for any purpose or purposes, may be called at any time only (i) by the Chairman of the Board of Directors, (ii) by the Chief Executive Officer (or, in the absence of a Chief Executive Officer, the President) of the Corporation (iii) pursuant to a resolution duly adopted by a majority of the Board of Directors or (iv) prior to the date that the Sponsor Holder ceases to beneficially own (directly or indirectly) forty percent (40%) or more of the Voting Stock, by the Secretary of the Corporation at the request of the holders of shares representing at least forty percent (40%) of the Voting Stock. Other than as set forth in clause (iv) of the preceding sentence, any power of the stockholders to call a special meeting of stockholders is hereby specifically denied. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the By-Laws. No business other than that stated in the notice of such meeting (or any amendment or supplement thereto), which notice, in the case of a special meeting called by a stockholder or stockholders, shall include all business requested by such stockholder or stockholders to be transacted at such meeting, shall be transacted at any special meeting.

ELEVENTH:

(a) The Corporation hereby elects not to be governed by Section 203 of the DGCL, as now in effect or hereafter amended, or any successor statute thereto (the "Delaware Takeover Statute") until such time as an Ownership Triggering Event (as defined below) occurs whereupon the Corporation will, after the occurrence of the Ownership Triggering Event, be governed by the Delaware Takeover Statute.

(b) An "Ownership Triggering Event" shall have occurred when (i)(A) the Sponsor Holder ceases to Own (as defined below) shares of Sponsor Stock (as defined below) that represent 15% or more of the outstanding shares of Common Stock and (B) no Sponsor-Related Holder (as defined below) has filed a document (on or before the tenth day following the date that the Sponsor Holder ceases to Own shares of Sponsor Stock that represent 15% or more of the outstanding shares of Common Stock) pursuant to the Securities and Exchange Act

of 1934, as amended (the “Exchange Act”), that includes a statement (whether or not such statement is required by the Exchange Act) that such Sponsor-Related Holder Owns shares of Sponsor Stock that represent 15% or more of the outstanding shares of Common Stock, or (ii) at such time that (A) the Sponsor Holder has ceased to Own Sponsor Stock that represents 15% or more of the outstanding shares of Common Stock and (B) no Sponsor-Related Holder Owns shares of Sponsor Stock that represent 15% or more of the outstanding shares of Common Stock.

(c) For purposes of this Article ELEVENTH, (i) “Sponsor Stock” means Common Stock which is Owned by the Sponsor Holder immediately following the closing of the initial public offering of Common Stock by the Corporation, (ii) “Own” has the meaning ascribed to such term in the Delaware Takeover Statute, and (iii) “Sponsor-Related Holder” means any person or entity who is a direct or indirect transferee of Sponsor Stock by the Sponsor Holder, as well as any “group” (within the meaning of Rule 13d-5 of the Exchange Act) that includes any of the foregoing persons or entities, provided a Sponsor-Related Holder will not include any such transferee that acquires Sponsor Stock pursuant to (A) an underwritten public offering, (B) a sale under Rule 144 under the Securities Act of 1933, as amended, or (C) a distribution by any Sponsor Holder or any direct or indirect transferee to more than 20 persons or entities.

TWELFTH. In furtherance and not in limitation of the powers conferred upon it by the laws of the State of Delaware, the Board of Directors shall have the power without the assent or vote of the stockholders to adopt, amend, alter or repeal the By-Laws. The affirmative vote of at least a majority of the Board of Directors shall be required to adopt, amend, alter or repeal the By-Laws. The By-Laws also may be adopted, amended, altered or repealed by the affirmative vote of the holders of a majority of the Voting Stock; provided, however, that from and after the date that the Sponsor Holder ceases to beneficially own (directly or indirectly) at least forty percent (40%) of the Voting Stock, the affirmative vote of the holders of at least seventy five percent (75%) of the Voting Stock shall be required to adopt, amend, alter or repeal the By-Laws.

THIRTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed in the DGCL, and all rights conferred upon stockholders herein are granted subject to such reservation. Notwithstanding anything to the contrary contained in this Amended and Restated Certificate of Incorporation, and notwithstanding that a lesser percentage may be permitted from time to time by applicable law, from and after the date that the Sponsor Holder ceases to beneficially own (directly or indirectly) at least forty

percent (40%) of the Voting Stock, the affirmative vote of the holders of at least seventy five percent (75%) of the Voting Stock (in addition to any other vote that may be required by law) shall be required to amend, alter, change or repeal, or to adopt any provision as part of this Amended and Restated Certificate of Incorporation inconsistent with the purpose and intent of, Articles FIFTH, SIXTH, SEVENTH, EIGHTH, TENTH, ELEVENTH, TWELFTH, THIRTEENTH, FOURTEENTH and FIFTEENTH of this Amended and Restated Certificate of Incorporation.

FOURTEENTH:

(a) To the fullest extent permitted by applicable law (including, without limitation, Section 122(17) of the DGCL (or any successor provision)), the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to the Sponsor Holder or any of its officers, directors, employees, agents, shareholders, members, partners, principals, affiliates (other than the Corporation and its subsidiaries) and managers (each, a "Specified Party"), even if the opportunity is one that the Corporation or any of its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if presented the opportunity to do so. Each such Specified Party shall have no duty to communicate or offer such business opportunity to the Corporation or any of its subsidiaries and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, by reason of the fact that such Specified Party pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or any of its subsidiaries. Notwithstanding the foregoing, a Specified Party who is a director or officer of the Corporation and who is expressly offered a business opportunity solely in his or her capacity as a director or officer of the Corporation (a "Directed Opportunity") shall be obligated to communicate such Directed Opportunity to the Corporation; provided, however, that all of the protections of this Article FOURTEENTH shall otherwise apply to the Specified Parties with respect to such Directed Opportunity, including, without limitation, the ability of the Specified Parties to pursue or acquire such Directed Opportunity or to direct such Directed Opportunity to another person.

(b) The Specified Parties shall have no duty to refrain from (i) engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries or (ii) otherwise competing with the Corporation or any of its subsidiaries.

(c) In addition to and notwithstanding the foregoing provisions of this Article FOURTEENTH, a corporate opportunity shall not be deemed to belong to the Corporation if it is a business opportunity that the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation's business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.

(d) No alteration, amendment or repeal of this Article FOURTEENTH (including the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article FOURTEENTH) shall eliminate or reduce the effect of this Article FOURTEENTH in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article FOURTEENTH, would accrue or arise, prior to such alteration, amendment or repeal. This Article FOURTEENTH shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Corporation under this Amended and Restated Certificate of Incorporation, the By-Laws or applicable law.

(e) Any person or entity purchasing or otherwise acquiring any interest in the shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article FOURTEENTH.

FIFTEENTH: The Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (a) any actual or purported derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders or creditors, (c) any action asserting a claim against the Corporation or any director or officer of the Corporation arising pursuant to any provision of the DGCL, this Amended and Restated Certificate of Incorporation or the By-Laws, or (d) any action asserting a claim against the Corporation or any director or officer of the Corporation governed by the internal affairs doctrine; provided, however, that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state court sitting in the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in the shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article FIFTEENTH.

SIXTEENTH: If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or

unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent authorized or permitted by law).

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed on its behalf this day of \_\_\_\_\_, 2014.

EL POLLO LOCO HOLDINGS, INC.

By: \_\_\_\_\_  
Name: Stephen J. Sather  
Title: Chief Executive Officer, President and Director

AMENDED AND RESTATED  
BY-LAWS  
OF  
EL POLLO LOCO HOLDINGS, INC.  
A Delaware Corporation  
Effective [        ], 2014

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AMENDED AND RESTATED  
BY-LAWS  
OF  
EL POLLO LOCO HOLDINGS, INC.  
(hereinafter called the "Corporation")

**ARTICLE I**

**OFFICES**

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors of the Corporation (the "Board of Directors") may from time to time determine.

**ARTICLE II**

**MEETINGS OF STOCKHOLDERS**

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication in the manner authorized by the General Corporation Law of the State of Delaware (the "DGCL").

Section 2. Annual Meetings. The annual meeting of stockholders (the "Annual Meeting") for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the Annual Meeting.

Section 3. Special Meetings. Unless otherwise required by law, special meetings of the stockholders (a “Special Meeting”), for any purpose or purposes, shall be called in the manner provided by the Certificate of Incorporation of the Corporation, as may be amended or restated from time to time (the “Certificate of Incorporation”). A request to call a Special Meeting shall state the purpose or purposes of the proposed meeting.

Section 4. Nature of Business at Meetings of Stockholders. Only such business (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 5 of this Article II) may be transacted at an Annual Meeting or Special Meeting as is (a) specified in the notice of meeting (or any amendment or supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting or Special Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the Annual Meeting or Special Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 4 of this Article II and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting or Special Meeting and (ii) who complies with the notice procedures set forth in this Section 4 of this Article II. Notwithstanding the foregoing, at a Special Meeting, only such business shall be conducted as specified in the notice of meeting (or any amendment or supplement thereto).

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting or a Special Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation (the “Secretary”).

To be timely, a stockholder's notice to the Secretary must be delivered to, or be mailed and received at, the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of a Special Meeting, no later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting or Special Meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each matter such stockholder proposes to bring before the Annual Meeting or Special Meeting, a brief description of the business desired to be brought before the Annual Meeting or Special Meeting (including the specific text of any resolutions or actions proposed for consideration and if such business includes a proposal to amend the Certificate of Incorporation or these By-Laws, the specific language of the proposed amendment)

and the reasons for conducting such business at the Annual Meeting or Special Meeting, and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is being made, (i) the name and record address of such person as they appear on the Corporation's books, (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name and address of each nominee holder of shares of all stock of the Corporation owned beneficially, but not of record, by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) in connection with the proposal of such business and any material interest of such person or any affiliates or associates of such person, in such business, including any anticipated benefit therefrom to such person, or any

affiliates or associates of such person, (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting or Special Meeting to bring such business before the meeting, and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies by such person with respect to the proposed business to be brought by such person before the Annual Meeting or a Special Meeting pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

A stockholder providing notice of business proposed to be brought before an Annual Meeting or Special Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 4 of this Article II shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting or a Special Meeting and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of the Annual Meeting or a Special Meeting.

No business shall be conducted at the Annual Meeting or a Special Meeting except business brought before the Annual Meeting or Special Meeting in accordance with the procedures set forth in this Section 4 of this Article II; provided, however, that, once business has been properly brought before the Annual Meeting or Special Meeting in accordance with such procedures, nothing in this Section 4 of this Article II shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an Annual Meeting or a

Special Meeting determines that business was not properly brought before the Annual Meeting or Special Meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Nothing contained in this Section 4 of this Article II shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law).

Section 5. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting, or at any Special Meeting called for the purpose of electing directors, in either case, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 5 of this Article II and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting or Special Meeting and (ii) who complies with the notice procedures set forth in this Section 5 of this Article II.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary.

To be timely, a stockholder's notice to the Secretary must be delivered to, or be mailed and received at, the principal executive offices of the Corporation (a) in the case of an

Annual Meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of a Special Meeting called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting or a Special Meeting called for the purpose of electing directors, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially, but not of record, by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any

derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, and (iv) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, and the beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and record address of such person as they appear on the Corporation's books, (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name and address of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to

stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any proposed nominee or any other person or persons (including their names) pursuant to which the nomination(s) are being made by such person, and any material interest of such person, or any affiliates or associates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person, (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting or Special Meeting to nominate the persons named in its notice, and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

A stockholder providing notice of any nomination proposed to be made at an Annual Meeting or Special Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this

Section 5 of this Article II shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting or a Special Meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of such Annual Meeting or Special Meeting.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 5 of this Article II. If the chairman of an Annual Meeting or a Special Meeting for the election of directors determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Notwithstanding any provision of this Section 5 of this Article II to the contrary, a nomination of persons for election to the Board of Directors may be submitted for inclusion in the Corporation's proxy materials pursuant to the final rules adopted by the Securities and Exchange Commission (the "SEC") providing for such nominations and inclusion ("final proxy access rules"), and, if such nomination is submitted under the final proxy access rules, such submission (a) in order to be timely, must be delivered to, or be mailed and received by, the Secretary at the principal executive offices of the Corporation no later than 120 calendar days before the date that the Corporation mailed (or otherwise disseminated) its proxy materials for the prior year's Annual Meeting (or such other date as may be set forth in the final proxy access rules for companies without advance notice bylaws); (b) in all other respects, must be made pursuant to, and in accordance with, the terms of the final proxy access rules, as in effect at the

time of the nomination, or any successor rules or regulations of the SEC then in effect; and (c) must provide the Corporation with any other information required by this Section 5 of this Article II for nominations not made under the final proxy access rules except to the extent that requiring such information to be furnished is prohibited by the final proxy access rules. The provisions of this paragraph of this Section 5 of this Article II do not provide stockholders of the Corporation with any rights, nor impose upon the Corporation any obligations, other than the rights and obligations set forth in the final proxy access rules.

Section 6. Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting.

Section 7. Adjournments. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting in accordance with the requirements of Section 6 of this Article II shall be given to each stockholder of record entitled to notice of and to vote at the meeting.

Section 8. Quorum. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, the holders of a majority of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 7 of this Article II, until a quorum shall be present or represented.

Section 9. Voting. Unless otherwise required by law, the Certificate of Incorporation, these By-Laws or any rule of any stock exchange on which the Corporation's shares are listed and traded, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the affirmative vote of the holders of a majority of the total number of votes of the Corporation's capital stock represented at the meeting and entitled to vote on such question, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 12 of this Article II, each stockholder represented at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy as provided in Section 10 of this Article II. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of the stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such telegram, cablegram or other electronic transmission, provided that any such telegram, cablegram or other electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such

telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing, telegram, cablegram or other electronic transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing, telegram, cablegram or other electronic transmission for any and all purposes for which the original writing, telegram, cablegram or other electronic transmission could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing, telegram, cablegram or other electronic transmission.

Section 11. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation (the "Stock Ledger") shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be

produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 12. Record Date.

(i) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(ii) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which

record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 13. Stock Ledger. The Stock Ledger shall be the only evidence as to who are the stockholders entitled to examine the Stock Ledger, the list required by Section 11 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 14. Conduct of Meetings. The Board of Directors may adopt by resolution such rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have

the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

Section 15. Inspectors of Election. In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman or the President shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

Section 16. No Consent of Stockholders in Lieu of Meeting. The right of the stockholders to act by written consent in lieu of a meeting shall be as set forth in Article EIGHTH of the Certificate of Incorporation.

### **ARTICLE III**

#### **DIRECTORS**

Section 1. Number, Classification, Election and Term of Office. The number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by the Board of Directors and shall be divided in accordance with Article FIFTH of the Certificate of Incorporation. Except as provided in the Certificate of Incorporation and in Section 2 of this Article III, directors shall be elected by a plurality of the votes cast at each Annual Meeting at which a quorum is present. Directors need not be stockholders.

Section 2. Vacancies. Any vacancy in the Board of Directors, however resulting, may be filled only in the manner provided in, and only to the extent permitted under, the Certificate of Incorporation.

Section 3. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware. Regular

meetings of the Board of Directors or any committee thereof may be held without notice (provided that a schedule of meetings referencing the time and place of such meeting shall have been delivered to the Board of Directors not less than three (3) business days prior to such regular meeting) at such time and at such place as may from time to time be determined by the Board of Directors or such committee, respectively. Special meetings of the Board of Directors may be called only in the manner provided in, and only to the extent permitted under, the Certificate of Incorporation. Special meetings of any committee of the Board of Directors may be called by the chairman of such committee, if there be one, by the President, or by any director serving on such committee. Notice thereof stating the place, date and hour of the meeting shall be given to each director (or, in the case of a committee, to each member of such committee) either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, electronic transmission or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Organization. At each meeting of the Board of Directors or any committee thereof, the Chairman or the chairman of such committee, as the case may be, or, in his or her absence or if there is no such chairman, a director chosen by a majority of the directors present, shall act as chairman. Except as provided below, the Secretary shall act as secretary at each meeting of the Board of Directors and of each committee thereof. In case the Secretary shall be absent from any meeting of the Board of Directors or any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the

members of each committee of the Board of Directors may appoint any person to act as Secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

Section 6. Resignations and Removals of Directors. Any director of the Corporation may resign from the Board of Directors or any committee thereof at any time, by giving notice in writing or by electronic transmission to the Chairman, if there be one, the President or the Secretary and, in the case of a committee, to the chairman of such committee, if there be one. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Any director may be removed only in the manner provided in, and only to the extent permitted under, the Certificate of Incorporation. Any director serving on a committee of the Board of Directors may be removed from such committee at any time by the Board of Directors.

Section 7. Quorum. Except as otherwise required by law, the Certificate of Incorporation or the rules and regulations of any securities exchange or quotation system on which the Corporation's securities are listed or quoted for trading, at all meetings of the Board of Directors or any committee thereof, a majority of the entire Board of Directors or a majority of the directors constituting such committee, as the case may be, shall constitute a quorum for the transaction of business and the act of a majority of the directors or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or such committee, as applicable. If a quorum shall not be present at any meeting of the Board of Directors or any committee thereof, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 8. Actions of the Board of Directors by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting, if all the members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 9. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 9 of this Article III shall constitute presence in person at such meeting.

Section 10. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace

any absent or disqualified member at any meeting of any such committee. Subject to the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, in the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another qualified member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 11. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable

solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

#### **ARTICLE IV**

##### **OFFICERS**

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall include a President and a Secretary. The Board of Directors, in its discretion, also may choose a Chairman (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Treasurer, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors, at its first meeting held after each Annual Meeting (or action by written consent of stockholders in lieu of the Annual Meeting if permitted by the Certificate of Incorporation and these By-Laws), shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer of the Corporation may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman shall be the President of the Corporation, unless the Board of Directors designates another director to serve as the Chairman, and, except where by law the signature of the President is required, the Chairman shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman shall exercise all the powers and discharge all the duties of the President. The Chairman shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these By-Laws or by the Board of Directors.

Section 5. President. The President shall, subject to the control of the Board of Directors and, if there be one, the Chairman, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman, or if there be none, the President shall preside at all meetings of the stockholders and, provided the President is also a director, the Board of Directors. If there be no Chairman, or if the Board of Directors shall otherwise designate, the President shall be the Chief Executive Officer. The President shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these By-Laws or by the Board of Directors.

Section 6. Vice Presidents. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act (and if there be no Chairman), the Vice President, or the Vice Presidents if there are more than one (in the order designated by the Board of Directors), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman or the President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it

and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 9. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

**ARTICLE V**

**STOCK**

Section 1. Shares of Stock. Except as otherwise provided in a resolution approved by the Board of Directors, all shares of capital stock of the Corporation shall be uncertificated shares.

Section 2. Signatures. To the extent any shares are represented by certificates, any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate or uncertificated shares be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these By-Laws. Transfers of stock shall be made on

the books of the Corporation, and (a) in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes, or, (b) in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement (to the extent any shares are represented by certificates), compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

## **ARTICLE VI**

### **NOTICES**

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under applicable law, the Certificate of Incorporation or these By-Laws shall be effective if given by a form of electronic transmission if consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written

notice to the Corporation. Any such consent shall be deemed to be revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary or to the transfer agent, or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by electronic transmission, as described above, shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the person has consented to receive notice; (iii) in the case of notices to stockholders, if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission consented to by such person in advance, when directed to such person. Notice to directors or committee members may be given personally or by telegram, telex, cable or by means of electronic transmission.

Section 2. Waivers of Notice. Whenever any notice is required by applicable law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or a waiver by electronic transmission by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of,

any Annual Meeting or Special Meeting or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.

## **ARTICLE VII**

### **GENERAL PROVISIONS**

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 8 of Article III hereof), and may be paid in cash, in property or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be January 1, to December 31 or as otherwise fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## ARTICLE VIII

### INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings Other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by applicable law, 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, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation 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 such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person 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 such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person 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 reasonable cause to believe that such person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by applicable law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of

conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with

reasonable care by the Corporation or another enterprise. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 1 or Section 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of

such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 1 and Section 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or Section 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to “the Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. The term “another enterprise” as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

## **ARTICLE IX**

### **AMENDMENTS**

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors; provided, however, that notice of such alteration, amendment, repeal or

adoption of new By-Laws be contained in the notice of such meeting of the stockholders or Board of Directors, as the case may be. Except where otherwise required by these By-Laws or the Certificate of Incorporation, the affirmative vote of at least a majority of the Board of Directors shall be required to adopt, amend, alter or repeal these By-Laws. These By-Laws also may be adopted, amended, altered or repealed by the affirmative vote of the holders of at least a majority of the issued and outstanding capital stock of the Corporation entitled to vote thereon; provided, however, that from and after the date that Trimaran Pollo Partners, L.L.C., a Delaware limited liability company cease collectively to beneficially own (directly or indirectly) at least forty percent (40%) of the votes entitled to be cast by the shares of the then outstanding capital stock of the Corporation entitled to vote generally in the election of directors, the affirmative vote of the holders of at least 75 percent (75%) of the issued and outstanding capital stock of the Corporation entitled to vote thereon shall be required to adopt, amend, alter or repeal these By-Laws.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term “entire Board of Directors” means the total number of directors which the Corporation would have if there were no vacancies.

Adopted as of [            ], 2014

**AMENDMENT NO. 1 TO  
FIRST LIEN CREDIT AGREEMENT**

This AMENDMENT NO. 1 TO FIRST LIEN CREDIT AGREEMENT, dated as of July 9, 2014 (this "Amendment"), to the Credit Agreement (as defined below), is entered into by and among El Pollo Loco, Inc., a Delaware corporation ("Borrower"), EPL Intermediate, Inc., a Delaware corporation ("Parent"), the Lenders and Jefferies Finance LLC, as administrative agent and collateral agent for the Credit Agreement (the "Administrative Agent"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

**PRELIMINARY STATEMENTS:**

WHEREAS, Borrower, Parent, the Lenders, the Administrative Agent and the other parties thereto entered into that certain First Lien Credit Agreement, dated as of October 11, 2013 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement"), pursuant to which the Lenders extended or committed to extend certain credit facilities to Borrower;

WHEREAS, in connection with the Transactions, Borrower and Parent have requested to amend the Credit Agreement as of the date hereof;

WHEREAS, pursuant to Section 11.02 of the Credit Agreement, the amendments contemplated hereby require the consent of the Required Lenders;

WHEREAS, Borrower, Parent, the undersigned Lenders and the Administrative Agent have agreed to amend the Credit Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the Effective Date (as defined below), and subject to the satisfaction or waiver in writing of the conditions precedent set forth in Section 3 hereof, hereby amended as follows:

(1) Definitions. Section 1.01 of the Credit Agreement is hereby amended by:

(a) adding the following new definitions thereto in proper alphabetical order:

"**First Amendment**" shall mean that certain Amendment No. 1 to First Lien Credit Agreement, dated as of July 9, 2014, among Borrower, Parent, the Administrative Agent and the Lenders party thereto.

"**First Amendment Effective Date**" shall mean the date on which all of the conditions contained in Section 3 of the First Amendment have been satisfied or waived in accordance with the terms of the First Amendment.

“**Qualified IPO**” shall mean the first bona fide underwritten public offering by Parent or any direct or indirect parent of Parent of such Person’s Equity Interests after the First Amendment Effective 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 \$90,000,000.

“**Senior Secured Leverage Ratio**” shall mean, at any date of determination, the ratio of (i) Consolidated Indebtedness (other than such Consolidated Indebtedness that is expressly subordinated in right of payment to the Obligations) on such date that is secured by a Lien on any asset or property of any of the Borrower or any of its Subsidiaries, including Indebtedness incurred under this Agreement and the other Loan Documents to (ii) Consolidated EBITDA for the Test Period then most recently ended.

“**Second Lien Repayment Date**” shall mean the date on which all Indebtedness under the Second Lien Credit Agreement and the other Second Lien Loan Documents shall have been repaid in full in accordance with the respective terms thereof and all Second Lien Obligations shall have been repaid in full or otherwise satisfied and discharged (other than contingent indemnification obligations which are not yet payable) in accordance with a customary pay-off letter reasonably satisfactory to the Administrative Agent”.

“**Tax Receivable Agreement**” shall mean that certain Income Tax Receivable Agreement, to be dated on or around July 31, 2014, between El Pollo Loco Holdings, Inc. and the Existing Stockholders Representative (as defined therein).

(b) amending the definition of “**Consolidated Tax Expense**” by adding the following language at the end thereof: “, including the aggregate amount of non-cash charges relating to the Tax Receivable Agreement”;

(c) amending the definition of “**Excess Cash Flow**” by hereby (i) amending sub-clause (b)(i) thereof by inserting “, and the amount of any Dividends made pursuant to Section 6.08(k) during such Excess Cash Flow Period” to the end thereof and (ii) deleting sub-clause (b)(iv) thereof in its entirety and replacing it with the following language:

“(iv) Capital Expenditures made in cash during such Excess Cash Flow Period that were permitted to be made pursuant to this Agreement, to the extent funded from Internally Generated Funds;”

(2) Dividends. Section 6.08 of the Credit Agreement is hereby amended by (x) deleting the word “and” at the end of subsection (i), (y) deleting the “.” at the end of subsection (j) and inserting in lieu thereof “; and” and (z) adding a new subsection (k), to read as follows:

“(k) after the Second Lien Repayment Date, other Dividends pursuant to, and paid in accordance with, the Tax Receivable Agreement in an aggregate amount not to

exceed \$11,000,000 in any fiscal year (with unused amounts in any fiscal year being permitted to be carried forward to the immediately subsequent fiscal year) and, in all events, not to exceed \$33,000,000 in the aggregate; *provided* that, immediately prior to and after giving effect to the making or payment of any such Dividend, (x) the First Lien Leverage Ratio computed on a Pro Forma Basis shall not be greater than 3.75:1.00, 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) Borrower shall have cash, Cash Equivalents and then available and unutilized Revolving Commitments (both immediately prior to and after giving effect thereto) in an aggregate amount of at least \$15,000,000 and (z) no Default or Event of Default shall have occurred and be continuing or would result therefrom.”

(3) Leverage Ratio. Section 6.10(a) of the Credit Agreement is hereby deleted in its entirety and replaced with the following language:

“(a)(i) Maximum Total Leverage Ratio. Prior to the Second Lien Repayment Date, 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>Test Period End Date</b>	<b>Total Leverage Ratio</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

(a)(ii) Maximum Senior Secured Leverage Ratio. On or after the Second Lien Repayment Date, permit the Senior Secured 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:”

Test Period End Date	Senior Secured Leverage Ratio
September 24, 2014	4.60 to 1.00
December 31, 2014	4.60 to 1.00
March 25, 2015	4.60 to 1.00
June 24, 2015	4.60 to 1.00
September 30, 2015	4.45 to 1.00
December 30, 2015	4.20 to 1.00
March 30, 2016	4.20 to 1.00
June 29, 2016	4.00 to 1.00
September 28, 2016	3.85 to 1.00
December 28, 2016	3.85 to 1.00
March 29, 2017	3.55 to 1.00
June 28, 2017	3.35 to 1.00
September 27, 2017	3.15 to 1.00
December 27, 2017	3.00 to 1.00
March 28, 2018	3.00 to 1.00
June 27, 2018	3.00 to 1.00
September 26, 2018	3.00 to 1.00
December 26, 2018 or thereafter	3.00 to 1.00

(4) Capital Expenditures.

(a) Section 6.10(c) of the Credit Agreement is hereby amended by deleting the word “Permit” and inserting in lieu thereof “Prior to the Second Lien Repayment Date, permit”.

(b) Section 6.07(b) of the Credit Agreement is hereby deleted in its entirety and replaced with the following language:

“(b) Capital Expenditures by Borrower and the Subsidiaries (x) prior to the Second Lien Repayment Date, (i) in an aggregate amount at any time outstanding not to exceed the Available Amount; *provided* that (1) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (2) 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) or (ii) to the extent permitted by Section 6.10(c) and (y) thereafter, to the extent not otherwise prohibited by this Agreement.”

(5) Prepayments of Other Indebtedness. Section 6.11 of the Credit Agreement is hereby amended by inserting the following at the end of clause (a) thereof:

“*provided, further*, that, notwithstanding the foregoing, following a Qualified IPO and promptly using the net cash proceeds thereof (to the extent contributed to Parent in

exchange for Qualified Capital Stock of Parent and promptly thereafter contributed to Borrower in exchange for Qualified Capital Stock of Borrower) and/or from unrestricted balance sheet cash and/or Cash Equivalents of Borrower, Borrower may repay the Second Lien Term Loans in accordance with the terms of the Second Lien Loan Documents so long as, immediately prior to and after giving effect thereto, (x) Borrower shall have cash and Cash Equivalents and then available and unutilized Revolving Commitments (both immediately prior to and after giving effect thereto) in an aggregate amount of at least \$15,000,000 and (y) the First Lien Leverage Ratio, calculated on a Pro Forma Basis, shall not be greater than 3.75:1.00, such calculation 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 2. Consent Fee. The Borrower agrees to pay to the Administrative Agent on the Effective Date for the benefit of each Lender executing this Amendment on or prior to 3:00 p.m. (New York City time) on July 11, 2014, a consent fee equal to 15 basis points of the aggregate principal amount of such Lender's outstanding Loans and Commitments at the time of such Lender's execution and delivery of this Amendment (the "Consent Fee").

SECTION 3. Conditions of Effectiveness. This Amendment shall become effective on and as of the first Business Day when the following conditions have been satisfied or waived in writing (the "Effective Date");

(a) The Administrative Agent's receipt of the following, each of which shall be electronic transmissions (followed promptly by originals) unless otherwise specified in writing by the Administrative Agent to the Borrower, each properly executed by a Responsible Officer of the applicable signing Loan Party, each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) counterparts of this Amendment duly executed by Parent, Borrower and the Administrative Agent;

(ii) counterparts of this Amendment duly executed by Lenders constituting no less than the Required Lenders;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Loan Parties as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment; and

(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that each of the Loan Parties is duly organized or formed, and that each of the Loan Parties is validly existing and in good standing.

(b) The representations and warranties of the Borrower and each other Loan Party contained in Article III of the Credit Agreement or any other Loan Document shall be true

and correct in all material respects on and as of the Effective Date; provided that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; provided, further, 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.

(c) No Default or Event of Default shall exist, or would result from, the consummation of the Amendment.

(d) The Administrative Agent’s receipt of reasonably satisfactory evidence that all fees, including the Consent Fee, and expenses required to be paid hereunder and/or pursuant to the Credit Agreement have been paid in full in cash or will be paid in full in cash on the Effective Date.

SECTION 4. Confirmation of Representations and Warranties.

(a) Each Loan Party hereby represents and warrants that all representations and warranties contained in Article III of the Credit Agreement and each other Loan Document to which it is a party are true and correct in all material respects on and as of the date hereof, provided that to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date, and provided, further, 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.

(b) The execution of this Amendment is within each Loan Party’s power and has been duly authorized by all necessary corporate or other organizational action on the part of each such Loan Party. This Amendment has been duly executed and delivered by each Loan Party and constitutes, when executed and delivered by such Loan Party, 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.

(c) Each Loan Party hereby represents and warrants that, on and as of the date hereof, no event has occurred and is continuing that constitutes a Default or Event of Default.

SECTION 5. Reference to and Effect on the Loan Documents. (a) On and after the Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended, restated and modified by this Amendment.

(b) The Credit Agreement and each of the other Loan Documents, as specifically amended and modified by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Security Documents and all of the Collateral do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents to the extent provided in such Security Documents.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender, any Issuing Bank, any Swing Line Lender, or the Administrative Agent under any of the Loan Documents, nor shall the execution, delivery and effectiveness of this Amendment, except as expressly provided herein, constitute a waiver, amendment or modification of any provision of any of the Loan Documents.

(d) The Loan Parties agree that this Amendment shall be a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.

(e) Nothing contained in this Amendment or the Credit Document or any other Loan Document as amended by this Amendment shall constitute or be construed as a novation of any of the Obligations.

SECTION 6. Execution in Counterparts. This Amendment 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 but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or other electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Expenses. The Borrower agrees to reimburse the Administrative Agent for its reasonable and documented out-of-pocket costs and expenses incurred in connection with this Amendment, including all reasonable legal fees and expenses of Shearman & Sterling LLP, special counsel to the Administrative Agent, *provided* that such legal fees and expenses shall not exceed \$100,000 without Borrower's prior written consent, which shall not be unreasonably withheld or delayed.

SECTION 8. Miscellaneous. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective authorized officers as of the date first above written.

**EL POLLO LOCO, INC.**

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

**EPL INTERMEDIATE, INC.**

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

Signature Page to  
Amendment No. 1 to First Lien Credit Agreement

**JEFFERIES FINANCE LLC,**  
as Administrative Agent and Collateral Agent

By /s/ J. Paul McDonnell

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Name: J. Paul McDonnell

Title: Managing Director

Signature Page to  
Amendment No. 1 to First Lien Credit Agreement

JFIN CAPITAL 2013 LLC,  
as a Lender

By: /s/ J. Paul McDonnell  
Name: J. Paul McDonnell  
Title: Managing Director

JFIN CLO 2012 LTD,  
as a Lender

By: JEFFERIES FINANCE LLC,  
as Portfolio Manager

By: /s/ J. Paul McDonnell  
Name: J. Paul McDonnell  
Title: Managing Director

JFIN CLO 2013 LTD,  
as a Lender

By: JEFFERIES FINANCE LLC,  
as Portfolio Manager

By: /s/ J. Paul McDonnell  
Name: J. Paul McDonnell  
Title: Managing Director

JFIN CLO 2014 I LTD,  
as a Lender

By: JEFFERIES FINANCE LLC,  
as Portfolio Manager

By: /s/ J. Paul McDonnell  
Name: J. Paul McDonnell  
Title: Managing Director

[EPL Amendment Signature Page]

Arrowpoint CLO 2013-1, LTD.  
as a Lender

By /s/ Sanjai Bhonsle  
Name: Sanjai Bhonsle  
Title: Portfolio Manager

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[EPL Amendment Signature Page]

Arrowpoint CLO 2014-2, LTD.  
as a Lender

By /s/ Sanjai Bhonsle  
Name: Sanjai Bhonsle  
Title: Portfolio Manager

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[EPL Amendment Signature Page]

**General Electric Capital Corporation,**  
as a Lender

By /s/ David A. Foshager

Name: David A. Foshager

Title: Authorized Signatory

Signature Page to  
Amendment No. 1 to First Lien Credit Agreement

**GE Capital Bank**, a Utah industrial loan corporation, as a  
Lender

By /s/ David A. Foshager

Name: David A. Foshager

Title: Authorized Signatory

Signature Page to  
Amendment No. 1 to First Lien Credit Agreement

Fortress Credit BSL Limited  
as a Lender

By: FC BSL CM LLC, its collateral manager

By /s/ David Prael

Name: David Prael

Title: Chief Financial Officer

[EPL Amendment Signature Page]

Fortress Credit Funding V LP  
as a Lender

By: Fortress Credit Funding V GP LLC, its General Partner

By /s/ David Prael

Name: David Prael

Title: Chief Financial Officer

[EPL Amendment Signature Page]

Fortress Credit Funding VI LP  
as a Lender

By: Fortress Credit Funding VI GP LLC, its General Partner

By /s/ David Prael

Name: David Prael

Title: Chief Financial Officer

[EPL Amendment Signature Page]

**Golub Capital Partners CLO 17, Ltd.**

By: GC Advisors LLC, as agent

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Golub Capital Partners CLO 10, Ltd.**

By: GC Advisors LLC, its agent

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Golub Capital Partners CLO 11, Ltd.**

By: GC Advisors LLC, as agent

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Golub Capital Partners CLO 14, Ltd.**

By: GC Advisors LLC, as agent

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Golub Capital Partners CLO 15, Ltd.**

By: GC Advisors LLC, its agent

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Golub Capital Partners CLO 18(M), Ltd.**

By: GC Advisors LLC, as agent

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Golub Capital BDC CLO 2014 LLC**

By: GC Advisors LLC, its Collateral Manager

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**GC Advisors LLC as Agent for BCBSM, Inc.**

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Golub Capital PEARLS Direct Lending Program, L.P.**

By: GC Advisors LLC, its Manager

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**PEARLS 11-A, LLC**

By: PEARLS 11, LLC, its sole Member

By: GC Advisor LLC, its Manager

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**PEARLS IX, LLC**

By: GC Advisors LLC, its Manager

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**PEARLS VIII, LLC**

By: GC Advisors LLC, its Manager

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

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**PEARLS X, L.P.**

By: GC Advisors LLC, its Manager

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**RGA Reinsurance Company**

By: GC Advisors LLC, as agent

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**Senior Loan Fund II LLC**

By: Senior Loan Fund LLC, its sole Member

By: /s/ Marc C. Robinson

Name: Marc C. Robinson

Title: Managing Director

**NORTHWOODS CAPITAL NINE,**  
as a Lender

By /s/ Bruce Martin

Name: Bruce Martin

Title: Managing Director

[EPL Amendment Signature Page]

**NORTHWOODS CAPITAL TEN,**  
as a Lender

By /s/ Bruce Martin

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Name: Bruce Martin

Title: Managing Director

[EPL Amendment Signature Page]

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**BLT 19 LLC.**

as a Lender

By /s/ Michael Wotanowski

Name: Michael Wotanowski

Title: Authorized Signatory

[EPL Amendment Signature Page]

**Cent CLO 20 Limited**  
as a Lender

By: Columbia Management Investment Advisers, LLC as  
Collateral Manager

By /s/ Steven B. Staver

\_\_\_\_\_  
Name: Steven B. Staver

Title: Assistant Vice President

[EPL Amendment Signature Page]

**Columbia Floating Rate Fund, a series of Columbia Funds  
Series Trust II**

as a lender

By /s/ Steven B. Staver

Name: Steven B. Staver

Title: Assistant Vice President

[EPL Amendment Signature Page]

**Ocean Trails CLO IV**  
as a Lender

By: West Gate Horizons Advisors LLC, as Asset Manager

By /s/ Heidi Skor

\_\_\_\_\_  
Name: Heidi Skor

Title: Senior Credit Analyst

[EPL Amendment Signature Page]

**DENALI CAPITAL CLO VII, LTD.**

as a Lender

By: Denali Capital LLC, managing member of DC Funding  
Partners LLC, collateral manager

By /s/ Kelli Marti

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Name: Kelli Marti

Title: Senior Vice President

[EPL Amendment Signature Page]

**DENALI CAPITAL CLO X, LTD.**

as a Lender

By: Denali Capital LLC, managing member of DC Funding Partners LLC, portfolio manager for DENALI CAPITAL CLO X, LTD.

By /s/ Kelli Marti

Name: Kelli Marti

Title: Senior Vice President

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**Blackstone / GSO Global Dynamic Credit Funding Ltd**  
as a Lender

By: Blackstone / GSO Global Dynamic Credit Master Fund, its  
Sole Shareholder

By: Blackstone / GSO Debt Funds Management Europe  
Limited, its Manager

By /s/ Daniel H. Smith

Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

**BLACKSTONE TREASURY SOLUTIONS MASTER  
FUND L.P.**

as a Lender

By: GSO Capital Advisors LLC, its Investment Manager

By /s/ Daniel H. Smith

Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

**BLACKSTONE / GSO STRATEGIC CREDIT FUND**  
as a Lender

By: GSO / Blackstone Debt Funds Management LLC as  
Collateral Manager

By /s/ Daniel H. Smith

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Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

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**Finn Square CLO, Ltd.**

as a Lender

By: GSO / Blackstone Debt Funds Management LLC as  
Collateral Manager

By /s/ Daniel H. Smith

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Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

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**Gramercy Park CLO Ltd.**

as a Lender

By: GSO / Blackstone Debt Funds Management LLC as  
Collateral Manager

By /s/ Daniel H. Smith

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Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

**Marine Park CLO Ltd.**

as a Lender

By: GSO / Blackstone Debt Funds Management LLC as  
Collateral Manager

By /s/ Daniel H. Smith

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Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

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**Seneca Park CLO, Ltd.**

as a Lender

By: GSO / Blackstone Debt Funds Management LLC as  
Collateral Manager

By /s/ Daniel H. Smith

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Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

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**Sheridan Square CLO, Ltd.**

as a Lender

By: GSO / Blackstone Debt Funds Management LLC as  
Collateral Manager

By /s/ Daniel H. Smith

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Name: Daniel H. Smith

Title: Senior Managing Director

[EPL Amendment Signature Page]

**NEWSTAR COMMERCIAL LOAN FUNDING 2012-2  
LLC**

**By: NewStar Financial, Inc., its Designated Manager**

By /s/ Brian Senatore

\_\_\_\_\_  
Name: Brian Senatore

Title: Managing Director

**NEWSTAR COMMERCIAL LOAN FUNDING 2013-1  
LLC**

**By: NewStar Financial, Inc., its Designated Manager**

By /s/ Brian Senatore

\_\_\_\_\_  
Name: Brian Senatore

Title: Managing Director

**NEWSTAR COMMERCIAL LOAN FUNDING 2014-1  
LLC**

**By: NewStar Financial, Inc., its Designated Manager**

By /s/ Brian Senatore

\_\_\_\_\_  
Name: Brian Senatore

Title: Managing Director

[EPL Amendment Signature Page]

**Venture VII CDO Limited**  
as a Lender

**By: its investment advisor, MJX Asset Management, LLC**

By /s/ Michael Regan

\_\_\_\_\_  
Name: Michael Regan

Title: Senior Portfolio Manager

[EPL Amendment Signature Page]

**Venture XVI CLO, Limited**  
as a Lender

**By: its investment advisor, MJX Asset Management, LLC**

By /s/ Michael Regan

\_\_\_\_\_  
Name: Michael Regan

Title: Senior Portfolio Manager

[EPL Amendment Signature Page]

**Venture VIII CDO, Limited**  
as a Lender

**By: its investment advisor, MJX Asset Management, LLC**

By /s/ Michael Regan

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Name: Michael Regan

Title: Senior Portfolio Manager

[EPL Amendment Signature Page]

**EL POLLO LOCO HOLDINGS, INC.  
2014 OMNIBUS EQUITY INCENTIVE PLAN**

**Section 1. Purpose of Plan.**

The name of the Plan is the El Pollo Loco Holdings, Inc. 2014 Omnibus Equity Incentive Plan. The purposes of the Plan are to provide an additional incentive to selected employees, directors, independent contractors and consultants of the Company or its Affiliates whose contributions are essential to the growth and success of the Company's business, in order to strengthen the commitment of such persons to the Company and its Subsidiaries, motivate such persons to faithfully and diligently perform their responsibilities and attract and retain competent and dedicated persons whose efforts will result in the long-term growth and profitability of the Company. To accomplish such purposes, the Plan provides that the Company may grant Options, Share Appreciation Rights, Restricted Shares, Restricted Stock Units, Other Share-Based Awards, Cash Awards or any combination of the foregoing.

**Section 2. Definitions.**

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Administrator" means the Board, or, if and to the extent the Board does not administer the Plan, the Committee in accordance with Section 3 hereof.

(b) "Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. An entity shall be deemed an Affiliate of the Company for purposes of this definition only for such periods as the requisite ownership or control relationship is maintained.

(c) "Applicable Laws" means the applicable requirements under U.S. federal and state corporate laws, U.S. federal and state securities laws, including the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan, as are in effect from time to time.

(d) "Award" means any Option, Share Appreciation Right, Restricted Share, Restricted Stock Unit, Other Share-Based Award or Cash Award granted under the Plan.

(e) "Award Agreement" means any written agreement, contract or other instrument or document evidencing an Award.

(f) "Beneficial Owner" (or any variant thereof) has the meaning defined in Rule 13d-3 under the Exchange Act.

(g) "Board" means the Board of Directors of the Company.

(h) "Bylaws" mean the bylaws of the Company, as may be amended and/or restated from time to time.

(i) "Cash Award" means cash awarded under Section 11 of the Plan, including cash awarded as a bonus or upon the attainment of Performance Goals or otherwise as permitted under the Plan.

(j) "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 means (i) 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, (ii) the substantial and repeated failure of the Participant to perform duties of the office held by the Participant, (iii) 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 (iv) any breach by the Participant of any restrictive covenants to which the Participant is subject. 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.

(k) "Change in Capitalization" means any (i) merger, amalgamation, consolidation, reclassification, recapitalization, spin-off, spin-out, repurchase or other reorganization or corporate transaction or event, (ii) special or extraordinary dividend or other extraordinary distribution (whether in the form of cash, Common Stock or other property), stock split, reverse stock split, share subdivision or consolidation, (iii) combination or exchange of shares or (iv) other change in corporate structure, which, in any such case, the Administrator determines, in its sole discretion, affects the Shares such that an adjustment pursuant to Section 5 hereof is appropriate.

(l) "Change in Control" means an event set forth in any one of the following paragraphs shall have occurred:

(1) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person or any securities acquired directly from the Company or any Affiliate thereof) representing 50% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (3) below; or

(2) the following individuals cease for any reason to constitute a majority of the number of directors then serving on the Board: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended ("Incumbent Directors"); or

(3) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation or other entity, other than (i) a merger or consolidation which results in (A) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation and (B) the Incumbent Directors continuing immediately thereafter to represent at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a Subsidiary, the ultimate parent thereof, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(4) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than (A) a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company following the completion of such transaction in substantially the same proportions as their ownership of the Company immediately prior to such sale or (B) a sale or disposition of all or substantially all of the Company's assets immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or, if such entity is a subsidiary, the ultimate parent thereof.

Notwithstanding the foregoing, (i) a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions and (ii) for each Award that constitutes deferred compensation under Section 409A of the Code, and to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Change in Control shall be deemed to have occurred under the Plan with respect to such Award only if a change in the ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code.

(m) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

(n) “Committee” means any committee or subcommittee the Board may appoint to administer the Plan. Subject to the discretion of the Board, the Committee shall be composed entirely of individuals who meet the qualifications of an “outside director” within the meaning of Section 162(m) of the Code (but only to the extent necessary and desirable to maintain qualification of Awards as “performance-based compensation” under Section 162(m) of the Code), a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act and any other qualifications required by the applicable stock exchange on which the Common Stock is traded. If at any time or to any extent the Board shall not administer the Plan, then the functions of the Administrator specified in the Plan shall be exercised by the Committee. Except as otherwise provided in the Certificate of Incorporation or Bylaws of the Company, any action of the Committee with respect to the administration of the Plan shall be taken by a majority vote at a meeting at which a quorum is duly constituted or unanimous written consent of the Committee’s members.

(o) “Common Stock” means the common stock, par value \$0.01 per share, of the Company.

(p) “Company” means El Pollo Loco Holdings, Inc., a Delaware corporation (or any successor company, except as the term “Company” is used in the definition of “Change in Control” above).

(q) “Covered Employee” has the meaning ascribed to the term “covered employee” set forth in Section 162(m) of the Code.

(r) “Disability” means, with respect to any Participant, that such Participant (i) as determined by the Administrator in its sole discretion, 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 covering employees of the Company or an Affiliate thereof.

(s) “Effective Date” has the meaning set forth in Section 19 hereof.

(t) “Eligible Recipient” means an employee, director, independent contractor or consultant of the Company or any Affiliate of the Company who has been selected as an eligible participant by the Administrator; provided, however, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, an Eligible Recipient of an Option or a Stock Appreciation Right means an employee, non-employee director, independent contractor or consultant of the Company or any Affiliate of the Company with respect to whom the Company is an “eligible issuer of service recipient stock” within the meaning of Section 409A of the Code.

(u) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

(v) "Exercise Price" means, with respect to any Option, the per share price at which a holder of such Option may purchase Shares issuable upon exercise of such Award, and, with respect to a Share Appreciation Right, the base price per share of such Share Appreciation Right, which, with respect to Options and Share Appreciation Rights, in any event will not be less than one hundred percent (100%) of the Fair Market Value of a related share of Common Stock on the date of grant.

(w) "Fair Market Value" of a share of Common Stock or another security as of a particular date shall mean the fair market value as determined by the Administrator in its sole discretion; provided, however, (i) if the Common Stock or other security is admitted to trading on a national securities exchange, the fair market value on any date shall be the closing sale price reported on such date, or if no shares were traded on such date, on the last preceding date for which there was a sale of a share of Common Stock on such exchange, or (ii) if the Common Stock or other security is then traded in an over-the-counter market, the fair market value on any date shall be the average of the closing bid and asked prices for such share in such over-the-counter market for the last preceding date on which there was a sale of such share in such market.

(x) "ISO" means an Option intended to be and designated as an incentive stock option within the meaning of Section 422 of the Code.

(y) "Nonqualified Stock Option" shall mean an Option that is not designated as an ISO.

(z) "Option" means an option to purchase shares of Common Stock granted pursuant to Section 7 hereof. The term "Option" as used in the Plan includes the terms "Nonqualified Stock Option" and "ISO."

(aa) "Other Share-Based Award" means a right or other interest granted pursuant to Section 10 hereof that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the Common Stock, including, but not limited to, unrestricted Shares, restricted stock units, dividend equivalents or performance units, each of which may be subject to the attainment of Performance Goals or a period of continued employment or other terms or conditions as permitted under the Plan.

(bb) "Participant" means any Eligible Recipient selected by the Administrator, pursuant to the Administrator's authority provided for in Section 3 below, to receive grants of Awards, and, upon his or her death, his or her successors, heirs, executors and administrators, as the case may be.

(cc) "Performance Goals" means performance goals based on one or more of the following criteria: (i) earnings, including one or more of operating income, net operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, adjusted EBITDA, economic earnings, or extraordinary or special items or book value per share (which may exclude nonrecurring items); (ii) pre-tax income or after-tax income; (iii) earnings per share (basic or diluted); (iv) operating profit; (v) revenue, revenue growth or rate of revenue growth; (vi) return on assets (gross or net), return on investment, return on capital, or return on equity; (vii) returns on sales or revenues; (viii) operating expenses; (ix) share price appreciation; (x) cash flow, cash flow per share, free cash flow, cash flow return on investment (discounted or

otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (xi) implementation or completion of critical projects or processes; (xii) cumulative earnings per share growth; (xiii) operating margin or profit margin; (xiv) cost targets, reductions and savings, productivity and efficiencies; (xv) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures and similar transactions, and budget comparisons; (xvi) personal professional objectives, including any of the foregoing performance goals, the implementation of policies and plans, the negotiation of transactions, the development of long term business goals, formation of joint ventures, research or development collaborations, and the completion of other corporate transactions; (xvii) any combination of, or a specified increase in, any of the foregoing; (xviii) economic value created; and (xix) share price or total shareholder return. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Company or any Affiliate thereof, or a division or strategic business unit of the Company or any Affiliate thereof, or may be applied to the performance of the Company relative to a market index, a group of other companies or a combination thereof, all as determined by the Committee. The Performance Goals may include a threshold level of performance below which no payment shall be made (or no vesting shall occur), levels of performance at which specified payments shall be made (or specified vesting shall occur), and a maximum level of performance above which no additional payment shall be made (or at which full vesting shall occur). Each of the foregoing Performance Goals shall be determined in accordance with generally accepted accounting principles (to the extent applicable) and shall be subject to certification by the Committee; provided, that, to the extent permitted by Section 162(m) of the Code to the extent applicable, the Committee shall make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting the Company or any Affiliate thereof or the financial statements of the Company or any Affiliate thereof, in response to changes in Applicable Laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles. Notwithstanding the foregoing, the Committee shall take any actions pursuant to this paragraph to the extent necessary and desirable to maintain qualification of Awards as performance-based compensation under Section 162(m) of the Code.

(dd) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any Subsidiary thereof, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary thereof, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of shares of the Company.

(ee) "Plan" means this 2014 Omnibus Equity Incentive Plan.

(ff) “Restricted Shares” means Shares granted pursuant to Section 9 below subject to certain restrictions that lapse at the end of a specified period (or periods) and/or upon attainment of specified performance objectives.

(gg) “Restricted Stock Unit” means the right granted pursuant to Section 9 hereof to receive a Share at the end of a specified restricted period (or periods) of time and/or upon attainment of specified performance objectives.

(hh) “Shares” means Common Stock reserved for issuance under the Plan, as adjusted pursuant to the Plan, and any successor (pursuant to a merger, amalgamation, consolidation or other reorganization) security.

(ii) “Share Appreciation Right” means the right pursuant to an Award granted under Section 8 below to receive an amount equal to the excess, if any, of (i) the aggregate Exercise Price, as of the date such Award or portion thereof is surrendered, of the Shares covered by such Award or such portion thereof, over (ii) the aggregate Exercise Price of such Award or such portion thereof.

(jj) “Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such first Person owns or otherwise controls, directly or indirectly, more than 50% of the voting shares or other similar interests or a sole general partner interest or managing member or similar interest of such other Person. An entity shall be deemed a Subsidiary of the Company for purposes of this definition only for such periods as the requisite ownership or control relationship is maintained.

### **Section 3. Administration.**

(a) The Plan shall be administered by the Administrator and shall be administered in accordance with the requirements of Section 162(m) of the Code (but only to the extent necessary and desirable to maintain qualification of Awards as performance-based compensation under Section 162(m) of the Code) and, to the extent applicable, Rule 16b-3 under the Exchange Act (“Rule 16b-3”).

(b) Pursuant to the terms of the Plan, the Administrator, subject, in the case of any Committee, to any restrictions on the authority delegated to it by the Board, shall have the power and authority, without limitation:

(1) to select those Eligible Recipients who shall be Participants;

(2) to determine whether and to what extent Options, Share Appreciation Rights, Restricted Shares, Restricted Stock Units, Cash Awards, Other Share-Based Awards or a combination of any of the foregoing, are to be granted hereunder to Participants;

(3) to determine the number of Shares to be covered by each Award granted hereunder;

(4) to determine the terms and conditions, not inconsistent with the terms of the Plan, of each Award granted hereunder (including, but not limited to, (i) the restrictions applicable to Restricted Shares or Restricted Stock Units and the conditions under which restrictions applicable to such Restricted Shares or Restricted Stock Units shall lapse, (ii) the performance goals and periods applicable to Awards, (iii) the Exercise Price of each Award, (iv) the vesting schedule applicable to each Award, (v) the number of Shares or amount of cash or other property subject to each Award and (vi) subject to the requirements of Section 409A of the Code (to the extent applicable), any amendments to the terms and conditions of outstanding Awards, including, but not limited to, extending the exercise period of such Awards and accelerating the vesting schedule of such Awards);

(5) to determine the terms and conditions, not inconsistent with the terms of the Plan, which shall govern all written instruments evidencing Awards;

(6) to determine the Fair Market Value in accordance with the terms of the Plan;

(7) to determine the duration and purpose of leaves of absence which may be granted to a Participant without constituting termination of the Participant's employment for purposes of Awards granted under the Plan;

(8) to adopt, alter and repeal such administrative rules, regulations, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(9) to construe and interpret the terms and provisions of, and supply or correct omissions in, the Plan and any Award issued under the Plan (and any Award Agreement relating thereto), and to otherwise supervise the administration of the Plan and to exercise all powers and authorities either specifically granted under the Plan or necessary and advisable in the administration of the Plan; and

(10) to prescribe, amend and rescind rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws, which rules and regulations may be set forth in an appendix or appendixes to the Plan.

(c) Subject to Section 5, neither the Board nor the Committee shall have the authority to reprice or cancel and regrant any Award at a lower exercise, base or purchase price or cancel any Award with an exercise, base or purchase price in exchange for cash, property or other Awards without first obtaining the approval of the Company's shareholders.

(d) All decisions made by the Administrator pursuant to the provisions of the Plan shall be final, conclusive and binding on all persons, including the Company and the Participants. No member of the Board or the Committee, nor any officer or employee of the Company or any Subsidiary thereof acting on behalf of the Board or the Committee, shall be personally liable for any action, omission, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company and of any Subsidiary thereof acting on their behalf shall, to the maximum extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, omission, determination or interpretation.

#### Section 4. Shares Reserved for Issuance Under the Plan.

(a) Subject to Section 5 hereof, the number of shares of Common Stock that are reserved and available for issuance pursuant to Awards granted under the Plan shall be equal to 1,070,477 shares, plus the number of shares of Common Stock subject to stock options outstanding on the Effective Date under the Chicken Acquisition Corp. 2005 Stock Option Plan and the Chicken Acquisition Corp. 2012 Stock Option Plan, and certain exchange options under the exchange option award agreements relating to the exchange of options of EPL Holdings, Inc. at the time of its purchase by the Company (collectively "Prior Awards"). All Prior Awards shall be governed by this Plan and the respective award or exchange agreements, to the extent that the terms of such agreements are not inconsistent with this Plan.

(b) Notwithstanding anything in this Plan to the contrary, and subject to the adjustment as provided by Section 5, from and after such time as the Plan is subject to 162(m) of the Code:

(1) No individual (including an individual who is likely to be a Covered Employee) will be granted Options or Share Appreciation rights in excess of 342,553 Shares during any single fiscal year.

(2) No individual (including an individual who is likely to be a Covered employee) will be granted Restricted Shares, Restricted Stock Units or Other Share-Based Awards in excess of 342,553 Shares during any single fiscal year.

(3) The maximum Cash Award that any Covered Employee may receive with respect to a Cash Award in respect of any annual performance period is \$1,000,000 and for any other performance period, such amount multiplied by a fraction, the numerator of which is the number of months in the performance period and the denominator of which is twelve.

(c) Shares issued under the Plan may, in whole or in part, be authorized but unissued Shares or Shares that shall have been or may be reacquired by the Company in the open market, in private transactions or otherwise. If any Shares subject to an Award are forfeited, cancelled, exchanged or surrendered or if an Award otherwise terminates or expires without a distribution of shares to the Participant, the Shares with respect to such Award shall, to the extent of any such forfeiture, cancellation, exchange, surrender, termination or expiration, again be available for Awards under the Plan. Notwithstanding the foregoing, Shares surrendered or withheld as payment of either the Exercise Price of an Award (including Shares otherwise underlying an Award of a Share Appreciation Right that are retained by the Company to account for the Exercise Price of such Share Appreciation Right) and/or withholding taxes in respect of an Award shall no longer be available for grant under the Plan. In addition, (i) to the extent an Award is denominated in shares of Common Stock, but paid or settled in cash, the number of shares of Common Stock with respect to which such payment or settlement is made shall again be available for grants of Awards pursuant to the Plan and (ii) shares of Common Stock underlying Awards that can only be settled in cash shall not be counted against the aggregate number of shares of Common Stock available for Awards under the Plan.

(d) No more than 1,070,477 Shares shall be issued pursuant to the exercise of ISOs.

#### **Section 5. Equitable Adjustments.**

In the event of any Change in Capitalization, an equitable substitution or proportionate adjustment shall be made in (i) the aggregate number of shares of Common Stock reserved for issuance under the Plan pursuant to Section 4 and the maximum number of Shares that may be subject to Awards granted to any Participant in any calendar or fiscal year, (ii) the kind, number of securities subject to, and Exercise Price subject to outstanding Options and Share Appreciation Rights granted under the Plan, and (iii) the kind, number and purchase price of Shares or other securities or the amount of cash or amount or type of other property subject to outstanding Restricted Shares, Restricted Stock Units or Other Share-Based Awards granted under the Plan; provided, however, that any fractional shares resulting from the adjustment shall be eliminated. Such other equitable substitutions or adjustments shall be made as may be determined by the Administrator, in its sole discretion. Without limiting the generality of the foregoing, in connection with a Change in Capitalization, the Administrator may provide, in its sole discretion, but subject in all events to the requirements of Section 409A of the Code, for the cancellation of any outstanding Award granted hereunder in exchange for payment in cash or other property having an aggregate Fair Market Value of the Shares covered by such Award, reduced by the aggregate Exercise Price or purchase price thereof, if any; provided, however, that if the Exercise Price or purchase price of any outstanding Award is equal to or greater than the Fair Market Value of the shares of Common Stock, cash or other property covered by such Award, the Board may cancel such Award without the payment of any consideration to the Participant. Further, without limiting the generality of the foregoing, with respect to Awards subject to foreign laws, adjustments made hereunder shall be made in compliance with applicable requirements. Except to the extent determined by the Administrator, any adjustments to ISOs under this Section 5 shall be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code. The Administrator’s determinations pursuant to this Section 5 shall be final, binding and conclusive.

#### **Section 6. Eligibility.**

The Participants under the Plan shall be selected from time to time by the Administrator, in its sole discretion, from those individuals that qualify as Eligible Recipients, provided, however, that no non-employee director under the Plan shall be granted Awards in any consecutive 12-month period in respect of Shares having a Fair Market Value of more than \$200,000, as measured as of the applicable grant date.

#### **Section 7. Options.**

(a) General. Options granted under the Plan shall be designated as Nonqualified Stock Options or ISOs. Each Participant who is granted an Option shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, which Award Agreement shall set forth, among other things, the Exercise Price of the Option, the term of the Option and provisions regarding exercisability of the Option, and whether the Option is intended to be an ISO or a Nonqualified Stock Option (and

in the event the Award Agreement has no such designation, the Option shall be a Nonqualified Stock Option). The provisions of each Option need not be the same with respect to each Participant. More than one Option may be granted to the same Participant and be outstanding concurrently hereunder. Options granted under the Plan shall be subject to the terms and conditions set forth in this Section 7 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable and set forth in the applicable Award Agreement.

(b) Exercise Price. The Exercise Price of Shares purchasable under an Option shall be determined by the Administrator in its sole discretion at the time of grant, but in no event shall the exercise price of an Option be less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock on the date of grant.

(c) Option Term. The maximum term of each Option shall be fixed by the Administrator, but no Option shall be exercisable more than ten (10) years after the date such Option is granted. Each Option's term is subject to earlier expiration pursuant to the applicable provisions in the Plan and the Award Agreement. Notwithstanding the foregoing, the Administrator shall have the authority to accelerate the exercisability of any outstanding Option at such time and under such circumstances as the Administrator, in its sole discretion, deems appropriate.

(d) Exercisability. Each Option shall be exercisable at such time or times and subject to such terms and conditions, including the attainment of pre-established performance goals, as shall be determined by the Administrator in the applicable Award Agreement. The Administrator may also provide that any Option shall be exercisable only in installments, and the Administrator may waive such installment exercise provisions at any time, in whole or in part, based on such factors as the Administrator may determine in its sole discretion. Notwithstanding anything to the contrary contained herein, an Option may not be exercised for a fraction of a share.

(e) Method of Exercise. Options may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of whole Shares to be purchased, accompanied by payment in full of the aggregate Exercise Price of the Shares so purchased in cash or its equivalent, as determined by the Administrator. As determined by the Administrator, in its sole discretion, with respect to any Option or category of Options, payment in whole or in part may also be made (i) by means of consideration received under any cashless exercise procedure approved by the Administrator (including the withholding of Shares otherwise issuable upon exercise), (ii) in the form of unrestricted Shares already owned by the Participant which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) any other form of consideration approved by the Administrator and permitted by Applicable Laws or (iv) any combination of the foregoing.

(f) ISOs. The terms and conditions of ISOs granted hereunder shall be subject to the provisions of Section 422 of the Code and the terms, conditions, limitations and administrative procedures established by the Administrator from time to time in accordance with the Plan. At the discretion of the Administrator, ISOs may be granted only to an employee of the Company, its "parent corporation" (as such term is defined in Section 424(e) of the Code) or a Subsidiary.

(1) *ISO Grants to 10% Stockholders.* Notwithstanding anything to the contrary in the Plan, if an ISO is granted to a Participant who owns shares representing more than ten percent (10%) of the voting power of all classes of shares of the Company, its “parent corporation” (as such term is defined in Section 424(e) of the Code) or a Subsidiary, the term of the ISO shall not exceed five (5) years from the time of grant of such ISO and the Exercise Price shall be at least one hundred and ten percent (110%) of the Fair Market Value of the Shares on the date of grant.

(2) *\$100,000 Per Year Limitation For ISOs.* To the extent the aggregate Fair Market Value (determined on the date of grant) of the Shares for which ISOs are exercisable for the first time by any Participant during any calendar year (under all plans of the Company) exceeds \$100,000, such excess ISOs shall be treated as Nonqualified Stock Options.

(3) *Disqualifying Dispositions.* Each Participant awarded an ISO under the Plan shall notify the Company in writing immediately after the date he or she makes a “disqualifying disposition” of any Share acquired pursuant to the exercise of such ISO. A “disqualifying disposition” is any disposition (including any sale) of such Shares before the later of (i) two years after the date of grant of the ISO and (ii) one year after the date the Participant acquired the Shares by exercising the ISO. The Company may, if determined by the Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable Participant until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such shares.

(g) Rights as Stockholder. A Participant shall have no rights to dividends, dividend equivalents or distributions or any other rights of a stockholder with respect to the Shares subject to an Option until the Participant has given written notice of the exercise thereof, and has paid in full for such Shares and has satisfied the requirements of Section 16 hereof.

(h) Termination of Employment or Service. Unless otherwise provided by the Committee or in the applicable Award Agreement:

(1) In the event that the employment or service of a Participant with the Company and all Affiliates thereof (including by reason of the Participant’s employer ceasing to be an Affiliate of the Company) shall terminate for any reason other than Cause, Disability, or death, (A) Options granted to such Participant, to the extent that they are exercisable at the time of such termination, shall remain exercisable until the date that is ninety (90) days after such termination, on which date they shall expire, and (B) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of its term.

(2) In the event that the employment or service of a Participant with the Company and all Affiliates thereof shall terminate on account of the Disability or death of the Participant, (A) Options granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the date that is six (6) months after such termination, on which date they shall expire and (B) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of its term.

(3) In the event of the termination of a Participant's employment or service for Cause, all outstanding Options granted to such Participant shall expire at the commencement of business on the date of such termination.

(i) Other Change in Employment Status. An Option shall be affected, both with regard to vesting schedule and termination, by leaves of absence, including unpaid and un-protected leaves of absence, changes from full-time to part-time employment, partial Disability or other changes in the employment status of a Participant, in the discretion of the Administrator.

## **Section 8. Share Appreciation Rights.**

(a) General. Share Appreciation Rights may be granted either alone ("Free Standing Rights") or in conjunction with all or part of any Option granted under the Plan ("Related Rights"). Related Rights may be granted either at or after the time of the grant of such Option. The Administrator shall determine the Eligible Recipients to whom, and the time or times at which, grants of Share Appreciation Rights shall be made. Each Participant who is granted a Share Appreciation Right shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, which Award Agreement shall set forth, among other things, the number of Shares to be awarded, the Exercise Price per Share, and all other conditions of Share Appreciation Rights. Notwithstanding the foregoing, no Related Right may be granted for more Shares than are subject to the Option to which it relates. The provisions of Share Appreciation Rights need not be the same with respect to each Participant. Share Appreciation Rights granted under the Plan shall be subject to the following terms and conditions set forth in this Section 8 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable, as set forth in the applicable Award Agreement.

(b) Awards; Rights as Stockholder. A Participant shall have no rights to dividends or any other rights of a stockholder with respect to the shares of Common Stock, if any, subject to a Stock Appreciation Right until the Participant has given written notice of the exercise thereof and has satisfied the requirements of Section 16 hereof.

(c) Exercisability.

(1) Share Appreciation Rights that are Free Standing Rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator in the applicable Award Agreement.

(2) Share Appreciation Rights that are Related Rights shall be exercisable only at such time or times and to the extent that the Options to which they relate shall be exercisable in accordance with the provisions of Section 7 hereof and this Section 8 of the Plan.

(d) Payment Upon Exercise.

(1) Upon the exercise of a Free Standing Right, the Participant shall be entitled to receive up to, but not more than, that number of Shares equal in value to the excess of the Fair Market Value as of the date of exercise over the Exercise Price per share specified in the Free Standing Right multiplied by the number of Shares in respect of which the Free Standing Right is being exercised.

(2) A Related Right may be exercised by a Participant by surrendering the applicable portion of the related Option. Upon such exercise and surrender, the Participant shall be entitled to receive up to, but not more than, that number of Shares equal in value to the excess of the Fair Market Value as of the date of exercise over the Exercise Price specified in the related Option multiplied by the number of Shares in respect of which the Related Right is being exercised. Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the Related Rights have been so exercised.

(3) Notwithstanding the foregoing, the Administrator may determine to settle the exercise of a Share Appreciation Right in cash (or in any combination of Shares and cash).

(e) Termination of Employment or Service. Unless otherwise provided by the Committee or in the applicable Award Agreement:

(1) In the event that the employment or service of a Participant with the Company and all Affiliates thereof (including by reason of the Participant's employer ceasing to be an Affiliate of the Company) shall terminate for any reason other than Cause, Disability, or death, (A) Share Appreciation Rights granted to such Participant, to the extent that they are exercisable at the time of such termination, shall remain exercisable until the date that is ninety (90) days after such termination, on which date they shall expire, and (B) Share Appreciation Rights granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination. Notwithstanding the foregoing, no Share Appreciation Right shall be exercisable after the expiration of its term.

(2) In the event that the employment or service of a Participant with the Company and all Affiliates thereof shall terminate on account of the Disability, or death of the Participant, (A) Share Appreciation Rights granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the date that is six (6) months after such termination, on which date they shall expire and (B) Share Appreciation Rights granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination. Notwithstanding the foregoing, no Share Appreciation Right shall be exercisable after the expiration of its term.

(3) In the event of the termination of a Participant's employment or service for Cause, all outstanding Share Appreciation Rights granted to such Participant shall expire at the commencement of business on the date of such termination.

(f) Term.

(1) The term of each Free Standing Right shall be fixed by the Administrator, but no Free Standing Right shall be exercisable more than ten (10) years after the date such right is granted.

(2) The term of each Related Right shall be the term of the Option to which it relates, but no Related Right shall be exercisable more than ten (10) years after the date such right is granted.

(g) Other Change in Employment Status. Share Appreciation Rights shall be affected, both with regard to vesting schedule and termination, by leaves of absence, including unpaid and un-protected leaves of absence, changes from full-time to part-time employment, partial Disability or other changes in the employment status of a Participant, in the discretion of the Administrator.

**Section 9. Restricted Shares and Restricted Stock Units.**

(a) General. Restricted Shares or Restricted Stock Units may be issued either alone or in addition to other Awards granted under the Plan. The Administrator shall determine the Eligible Recipients to whom, and the time or times at which, Restricted Shares or Restricted Stock Units shall be made. Each Participant who is granted Restricted Shares or Restricted Stock Units shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, which Award Agreement shall set forth, among other things, the number of Shares to be awarded; the price, if any, to be paid by the Participant for the acquisition of Restricted Shares or Restricted Stock Units; the period of time restrictions, Performance Goals or other conditions that apply to delivery or vesting of such Awards (the "Restricted Period"); and all other conditions applicable to the Restricted Shares and Restricted Stock Units. If the restrictions, Performance Goals or conditions established by the Administrator are not attained, a Participant shall forfeit his or her Restricted Shares or Restricted Stock Units, in accordance with the terms of the grant. The provisions of the Restricted Shares or Restricted Stock Units need not be the same with respect to each Participant.

(b) Awards and Certificates. Except as otherwise provided below in Section 9(c), (i) each Participant who is granted an Award of Restricted Shares may, in the Company's sole discretion, be issued a share certificate in respect of such Restricted Shares; and (ii) any such certificate so issued shall be registered in the name of the Participant, and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to any such Award.

The Company may require that the share certificates, if any, evidencing Restricted Shares granted hereunder be held in the custody of the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Award of Restricted Shares, the Participant shall have delivered a share transfer form, endorsed in blank, relating to the Shares covered by such Award. Certificates for shares of unrestricted Common Stock may, in the Company's sole discretion, be delivered to the Participant only after the Restricted Period has expired without forfeiture in such Restricted Stock Award.

With respect to Restricted Stock Units to be settled in Shares, at the expiration of the Restricted Period, share certificates in respect of the shares of Common Stock underlying such Restricted Stock Units may, in the Company's sole discretion, be delivered to the Participant, or his legal representative, in a number equal to the number of shares of Common stock underlying the Restricted Stock Units Award.

Notwithstanding anything in the Plan to the contrary, any Restricted Shares or Restricted Stock Units to be settled in Shares (at the expiration of the Restricted Period, and whether before or after any vesting conditions have been satisfied) may, in the Company's sole discretion, be issued in uncertificated form.

Further, notwithstanding anything in the Plan to the contrary, with respect to Restricted Stock Units, at the expiration of the Restricted Period, Shares, or cash, as applicable, shall promptly be issued (either in certificated or uncertificated form) to the Participant, unless otherwise deferred in accordance with procedures established by the Company in accordance with Section 409A of the Code, and such issuance or payment shall in any event be made within such period as is required to avoid the imposition of a tax under Section 409A of the Code.

(c) Restrictions and Conditions. The Restricted Shares or Restricted Stock Units granted pursuant to this Section 9 shall be subject to the following restrictions and conditions and any additional restrictions or conditions as determined by the Administrator at the time of grant or, subject to Section 409A of the Code where applicable, thereafter:

(1) The Administrator may, in its sole discretion, provide for the lapse of restrictions in installments and may accelerate or waive such restrictions in whole or in part based on such factors and such circumstances as the Administrator may determine, in its sole discretion, including, but not limited to, the attainment of certain Performance Goals, the Participant's termination of employment or service with the Company or any Affiliate thereof, or the Participant's death or Disability, subject to any requirements of Section 162(m) of the Code in the case of any Award which is intended to qualify as "performance-based compensation" under Section 162(m) of the Code. Notwithstanding the foregoing, upon a Change in Control, the outstanding Awards shall be subject to Section 13 hereof.

(2) Except as provided in the applicable Award Agreement, the Participant shall generally have the rights of a stockholder of the Company with respect to Restricted Shares during the Restricted Period; provided, however, that dividends declared during the Restricted Period with respect to an Award that vests or becomes payable based upon the achievement of Performance Goals, shall only become payable if (and to the extent) the performance goals of the underlying Award are achieved. Except as provided in the applicable Award Agreement, the Participant shall generally not have the rights of a stockholder with respect to Shares subject to Restricted Stock Units during the Restricted Period; provided, however, that, subject to Section 409A of the Code, an amount equal to dividends declared during the Restricted Period with respect to the number of Shares covered by Restricted Stock Units or Restricted Shares that vest upon the achievement of Performance Goals shall, unless otherwise set forth in an Award Agreement, be paid to the Participant at the time (and to the extent) Shares in respect of the related Restricted Stock Units are delivered to the Participant or the Restricted Period with respect to the Restricted Shares that vest upon the achievement of Performance Goals expires,

provided that the Participant is then providing services to the Company. Certificates for Shares of unrestricted Common Stock may, in the Company's sole discretion, be delivered to the Participant only after the Restricted Period has expired without forfeiture in respect of such Restricted Shares or Restricted Stock Units, except as the Administrator, in its sole discretion, shall otherwise determine.

(3) The rights of Participants granted Restricted Shares or Restricted Stock Units upon termination of employment or service as a director, independent contractor or consultant to the Company or to any Affiliate thereof terminates for any reason during the Restricted Period shall be set forth in the Award Agreement.

(d) Form of Settlement. The Administrator reserves the right in its sole discretion to provide (either at or after the grant thereof) that any Restricted Stock Unit represent the right to receive the amount of cash per unit that is determined by the Administrator in connection with the Award.

#### **Section 10. Other Share-Based Awards.**

Other forms of Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including but not limited to dividend equivalents, may be granted either alone or in addition to other Awards (other than in connection with Options or Share Appreciation Rights) under the Plan. Any dividend or dividend equivalent awarded hereunder shall be subject to the same restrictions, conditions and risks of forfeiture as the underlying Award. Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the individuals to whom and the time or times at which such Other Share-Based Awards shall be granted. Each Participant who is granted an Other Share-Based Award shall enter into an Award Agreement with the Company, containing such terms and conditions as the Administrator shall determine, in its sole discretion, which Award Agreement shall set forth, among other things, the number of shares of Common Stock to be granted pursuant to such Other Share-Based Awards, or the manner in which such Other Share-Based Awards shall be settled (e.g., in shares of Common Stock, cash or other property), or the conditions to the vesting and/or payment or settlement of such Other Share-Based Awards (which may include, but not be limited to, achievement of performance criteria) and all other terms and conditions of such Other Share-Based Awards.

#### **Section 11. Cash Awards.**

The Administrator may grant Awards that are denominated in, or payable to Participants solely in, cash, as deemed by the Administrator to be consistent with the purposes of the Plan, and, such Cash Awards shall be subject to the terms, conditions, restrictions and limitations determined by the Administrator, in its sole discretion, from time to time. Awards granted pursuant to this Section 11 may be granted with value and payment contingent upon the achievement of Performance Goals.

## **Section 12. Special Provisions Regarding Certain Awards.**

The Administrator may make Awards hereunder to Covered Employees (or to individuals whom the Administrator believes may become Covered Employees) that are intended to qualify as performance-based compensation under Section 162(m) of the Code. The exercisability and/or payment of such Awards may, to the extent required to qualify as performance-based compensation under Section 162(m) of the Code, be subject to the achievement of performance criteria based upon one or more Performance Goals and to certification of such achievement in writing by the Committee. The Committee may in its discretion reduce the amount of such Awards that would otherwise become exercisable and/or payable upon achievement of such Performance Goals and the certification in writing of such achievement, but may not increase such amounts. Any such Performance Goals shall be established in writing by the Committee not later than the time period prescribed under Section 162(m) of the Code and the regulations thereunder. Notwithstanding anything set forth in the Plan to contrary, all provisions of such Awards which are intended to qualify as performance-based compensation under Section 162(m) of the Code shall be construed in a manner to so comply.

## **Section 13. Change in Control.**

Unless otherwise determined by the Administrator and evidenced in an Award Agreement, in the event that (a) a Change in Control occurs, and (b) the Participant's employment or service is terminated by the Company, its successor or an Affiliate thereof without Cause on or after the effective date of the Change in Control but prior to twelve (12) months following the Change in Control, then:

(a) any unvested or unexercisable portion of any Award carrying a right to exercise shall become fully vested and exercisable; and

(b) the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to an Award granted under the Plan shall lapse and such Awards shall be deemed fully vested and any performance conditions imposed with respect to such Awards shall be deemed to be fully achieved at target performance levels.

If the Administrator determines in its discretion pursuant to Section 3(b)(4) hereof to accelerate the vesting of Options and/or Share Appreciation Rights in connection with a Change in Control, the Administrator shall also have discretion in connection with such action to provide that all Options and/or Share Appreciation Rights outstanding immediately prior to such Change in Control shall expire on the effective date of such Change in Control.

## **Section 14. Amendment and Termination.**

The Board may amend, alter or terminate the Plan, but no amendment, alteration or termination shall be made that would impair the rights of a Participant under any Award theretofore granted without such Participant's consent. Unless the Board determines otherwise, the Board shall obtain approval of the Company's stockholders for any amendment that would require such approval in order to satisfy the requirements of Section 162(m) of the Code, any rules of the stock exchange on which the Common Stock is traded or other Applicable Law. The Administrator may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Section 5 of the Plan and the immediately preceding sentence, no such amendment shall materially impair the rights of any Participant without his or her consent.

### **Section 15. Unfunded Status of Plan.**

The Plan is intended to constitute an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

### **Section 16. Withholding Taxes.**

Each Participant shall, no later than the date as of which the value of an Award first becomes includible in the gross income of such Participant for purposes of applicable taxes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, the minimum amount of any such applicable taxes required by law to be withheld with respect to the Award. The obligations of the Company under the Plan shall be conditional on the making of such payments or arrangements, and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant. Whenever cash is to be paid pursuant to an Award, the Company shall have the right to deduct therefrom an amount sufficient to satisfy any applicable withholding tax requirements related thereto. Whenever Shares or property other than cash are to be delivered pursuant to an Award, the Company shall have the right to require the Participant to remit to the Company in cash an amount sufficient to satisfy any related taxes to be withheld and applied to the tax obligations; provided, that, with the approval of the Administrator, a Participant may satisfy the foregoing requirement by either (i) electing to have the Company withhold from delivery of Shares or other property, as applicable, or (ii) by delivering already owned unrestricted shares of Common Stock, in each case, having a value not exceeding the applicable taxes to be withheld and applied to the tax obligations. Such already owned and unrestricted shares of Common Stock shall be valued at their Fair Market Value on the date on which the amount of tax to be withheld is determined and any fractional share amounts resulting therefrom shall be settled in cash. Such an election may be made with respect to all or any portion of the Shares to be delivered pursuant to an award. The Company may also use any other method of obtaining the necessary payment or proceeds, as permitted by law, to satisfy its withholding obligation with respect to any Award.

### **Section 17. Transfer of Awards.**

Until such time as the Awards are fully vested and/or exercisable in accordance with the Plan or an Award Agreement, no purported sale, assignment, mortgage, hypothecation, transfer, charge, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any Award or any agreement or commitment to do any of the foregoing (each, a “Transfer”) by any holder thereof in violation of the provisions of the Plan or an Award Agreement will be valid, except with the prior written consent of the Administrator, which consent may be granted or withheld in the sole discretion of the Administrator. Any purported Transfer of an Award or any economic benefit or interest therein in violation of the Plan or an Award Agreement shall be null and void *ab initio* and shall not create any obligation or liability of the Company, and any Person purportedly acquiring any Award or any economic benefit or interest therein transferred in violation of the Plan or an Award Agreement shall not be entitled to be recognized as a holder of such Shares or other

property underlying such Award. Unless otherwise determined by the Administrator in accordance with the provisions of the immediately preceding sentence, an Option or a Share Appreciation Right may be exercised, during the lifetime of the Participant, only by the Participant or, during any period during which the Participant is under a legal Disability, by the Participant's guardian or legal representative.

**Section 18. Continued Employment.**

Neither the adoption of the Plan nor the grant of an Award shall confer upon any Eligible Recipient any right to continued employment or service with the Company or any Affiliate thereof, as the case may be, nor shall it interfere in any way with the right of the Company or any Affiliate thereof to terminate the employment or service of any of its Eligible Recipients at any time.

**Section 19. Effective Date.**

The Plan was adopted by the Board on July 14, 2014 and shall become effective on such date (the "Effective Date") without further action.

**Section 20. Electronic Signature.**

Participant's electronic signature of an Award Agreement shall have the same validity and effect as a signature affixed by hand.

**Section 21. Term of Plan.**

No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

**Section 22. Securities Matters and Regulations.**

(a) Notwithstanding anything herein to the contrary, the obligation of the Company to sell or deliver Shares with respect to any Award granted under the Plan shall be subject to all Applicable Laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator. The Administrator may require, as a condition of the issuance and delivery of certificates evidencing shares of Common Stock pursuant to the terms hereof, that the recipient of such shares make such agreements and representations, and that such certificates bear such legends, as the Administrator, in its sole discretion, deems necessary or advisable.

(b) Each Award is subject to the requirement that, if at any time the Administrator determines that the listing, registration or qualification of Shares is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Shares, no such Award shall be granted or payment made or Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Administrator.

(c) In the event that the disposition of Shares acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required by the Securities Act or regulations thereunder, and the Administrator may require a Participant receiving Common Stock pursuant to the Plan, as a condition precedent to receipt of such Common Stock, to represent to the Company in writing that the Common Stock acquired by such Participant is acquired for investment only and not with a view to distribution.

**Section 23. Section 409A of the Code.**

The Plan as well as payments and benefits under the Plan are intended to be exempt from, or to the extent subject thereto, to comply with Section 409A of the Code, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted in accordance therewith. 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, the Participant shall not be considered to have terminated employment or service with the Company for purposes of the Plan and no payment shall be due to the Participant under the Plan or any Award until the Participant would be considered to have incurred a “separation from service” from the Company and its Affiliates within the meaning of Section 409A of the Code. Any payments described in the Plan that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless Applicable Law requires otherwise. Notwithstanding anything to the contrary in the Plan, to the extent that any Awards (or any other amounts payable under any plan, program or arrangement of the Company or any of its Affiliates) are payable upon a separation from service and such payment would result in the imposition of any individual tax and penalty interest charges imposed under Section 409A of the Code, the settlement and payment of such awards (or other amounts) shall instead be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code. The Company makes no representation that any or all of the payments or benefits described in this Plan 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. The Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

**Section 24. Transition Period Under Section 162(m) of the Code.**

The Plan has been adopted by the Board prior to the initial public offering of Common Stock pursuant to a registration statement under the Securities Act. The Plan is intended to constitute a plan described in Treasury Regulation Section 1.162-27(f)(1).

**Section 25. Notification of Election Under Section 83(b) of the Code.**

If any Participant shall, in connection with the acquisition of shares of Common Stock under the Plan, make the election permitted under Section 83(b) of the Code, such Participant shall notify the Company of such election within ten (10) days after filing notice of the election with the Internal Revenue Service.

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**Section 26. No Fractional Shares.**

No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan. The Administrator shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

**Section 27. Beneficiary.**

A Participant may file with the Administrator a written designation of a beneficiary on such form as may be prescribed by the Administrator and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the executor or administrator of the Participant's estate shall be deemed to be the Participant's beneficiary.

**Section 28. Paperless Administration.**

In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

**Section 29. Severability.**

If any provision of the Plan is held to be invalid or unenforceable, the other provisions of the Plan shall not be affected but shall be applied as if the invalid or unenforceable provision had not been included in the Plan.

**Section 30. Clawback.**

Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

**Section 31. Governing Law.**

The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to principles of conflicts of law of such state.

EL POLLO LOCO HOLDINGS, INC.  
2014 OMNIBUS EQUITY INCENTIVE PLAN  
NONQUALIFIED STOCK OPTION AGREEMENT

THIS AWARD AGREEMENT (this "**Award Agreement**"), is made effective as of [ ], 2014 (the "**Date of Grant**"), by and between El Pollo Loco Holdings, Inc., a Delaware corporation (the "**Company**"), and (the "**Participant**");

## R E C I T A L S:

WHEREAS, the Company has adopted the El Pollo Loco Holdings, Inc. 2014 Omnibus Equity Incentive 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 Administrator 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 \$[ ] 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 Option**"). The Time-Based Option shall vest and become exercisable in four (4) equal installments on each of the first four (4) anniversaries of the Date of Grant.
- (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 Option**").

(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.

The entire Option (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 Administrator, including an amount to cover the minimum statutory withholding taxes with respect to such exercise, or (B) any other method, if any, approved by the Administrator, including (X by means of consideration received under any cashless exercise procedure, if any, approved by the Administrator (including the withholding of Shares otherwise issuable upon exercise) or (Y) any other form of consideration approved by the Administrator and permitted by Applicable Laws.

(c) Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time. Upon the Company’s determination that the Vested Portion of the Option has been validly exercised as to any of the Shares, the Company may 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.

(d) 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.

#### 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. Conditions to Issuance of Stock Certificates. The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares, treasury Shares or issued Shares which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable.

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 Administrator 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 Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

#### 8. Transferability.

(a) 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 in contravention of the foregoing 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 Administrator shall have been furnished with written notice thereof and a copy of such evidence as the Administrator 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 Option is exercisable only by the Participant.

(b) The Option shall not be liable for the debts, contracts or engagements of the Participant or the Participant's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until the Option has been exercised, and any attempted disposition thereof prior to exercise shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 8(a) hereof.

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 Administrator 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 Administrator 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 Vice President, Legal 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. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan 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. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

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.

16. Amendments and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended, altered or terminated at any time or from time to time by the Administrator or the Board, but no amendment, alteration or termination shall be made that would materially impair the rights of an Participant under the Option without such Participant's consent.

17. Entire Agreement The Plan and this Agreement (including all Exhibits thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

18. Electronic Signature; Electronic Delivery and Acceptance. The Participant's electronic signature of this Agreement shall have the same validity and effect as a signature affixed by hand. The Company may, in its sole discretion, decide to deliver any documents related to the Participant's current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. Waiver. The Participant acknowledges that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant.

20. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

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IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement as of the date and year first above written.

EL POLLO LOCO HOLDINGS, INC.

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Name:  
Title:

PARTICIPANT

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**EXHIBIT A**

**Performance-Based Option**

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**EXHIBIT B**

**El Pollo Loco Holdings, Inc. 2014 Omnibus Equity Incentive Plan**

**FORM OF NON-OFFICER DIRECTOR  
RESTRICTED SHARE AGREEMENT  
UNDER EL POLLO LOCO HOLDINGS, INC.  
2014 OMNIBUS EQUITY INCENTIVE PLAN**

This Award Agreement (this “Restricted Share Agreement”), dated as of \_\_\_\_\_, 20\_\_\_\_ (the “Date of Grant”), is made by and between El Pollo Loco Holdings, Inc., a Delaware corporation (the “Company”) and [ \_\_\_\_\_ ] (the “Non-Officer Director”). Capitalized terms not defined herein shall have the meaning ascribed to them in the El Pollo Loco Holdings, Inc. 2014 Omnibus Equity Incentive Plan (as amended from time to time, the “Plan”). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Restricted Shares. The Company hereby grants to the Non-Officer Director \_\_\_\_\_ Shares (such shares, the “Restricted Shares”), subject to all of the terms and conditions of this Restricted Share Agreement and the Plan.

2. Lapse of Restrictions.

(a) Vesting.

(i) General. Except as otherwise set forth in this Section 2(a), the restrictions on Transfer (as defined in Section 6(a) hereof) set forth in Section 2(b) hereof shall lapse with respect 1/3 of the Restricted Shares on each of the first three anniversaries of the Date of Grant (each anniversary of the Date of Grant, a “Vesting Date”), subject to the continued service of the Non-Officer Director for the Company from the date hereof through the applicable Vesting Date, and provided that the Non-Officer Director has not given notice of resignation as of such Vesting Date.

(ii) Following Certain Terminations of Service. Subject to the next sentence, upon termination of the Non-Officer Director’s service for the Company for any reason (including the death or Disability of the Non-Officer Director), any Restricted Shares in respect of which the restrictions on Transfer described in this Section 2 shall not already have lapsed shall be immediately forfeited and neither the Non-Officer Director nor any of the Non-Officer Director’s successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such Restricted Shares. Notwithstanding the foregoing:

(x) in the event that the Non-Officer Director’s service for the Company is terminated without Cause, then 100% of the Restricted Shares that are not vested as of the date of such termination shall immediately vest on the date of such termination of service, and the restrictions on Transfer of such Restricted Shares set out in Section 2(b) shall lapse; provided that if such termination occurs prior to a Change in Control, then such vesting will be subject to the Non-Officer Director’s execution of a separation agreement prepared by the Company (or any Subsidiary of Affiliate) which includes, *inter alia*, a general release of claims; and

(y) in the event that the Non-Officer Director's service with the Company is terminated as a result of the death or Disability of the Non-Officer Director, then 100% of the Restricted Shares that are not vested as of the date of such termination shall immediately vest, and the restrictions on Transfer of such Restricted Shares set out in Section 2(b) shall lapse.

(b) Restrictions. Until the restrictions on Transfer of the Restricted Shares lapse as provided in Section 2(a) hereof, or as otherwise provided in the Plan, no Transfer of the Restricted Shares or any of the Non-Officer Director's rights with respect to the Restricted Shares, whether voluntary or involuntary, by operation of law or otherwise, shall be permitted. Unless the Administrator determines otherwise, upon any attempt to Transfer Restricted Shares or any rights in respect of Restricted Shares, before the lapse of such restrictions, such Restricted Shares, and all of the rights related thereto, shall be immediately forfeited.

3. Adjustments. Pursuant to Section 5 of the Plan, in the event of a Change in Capitalization, the Administrator shall make such equitable changes or adjustments to the number and kind of securities or other property (including cash) issued or issuable in respect of outstanding Restricted Shares.

4. Certain Changes. The Administrator may accelerate the date on which the restrictions on transfer set forth in Section 2(b) hereof shall lapse or otherwise adjust any of the terms of the Restricted Shares; provided that, subject to Section 5 of the Plan, no action under this Section shall adversely affect the Non-Officer Director's rights hereunder.

5. Notices. All notices and other communications under this Restricted Share Agreement shall be in writing and shall be given by facsimile or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three days after mailing or 24 hours after transmission by facsimile to the respective parties, as follows: (i) if to the Company, addressed to the Company in care of its Vice President, Legal at the principal executive office of the Company and (ii) if to the Non-Officer Director, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto.

#### 6. Protections Against Violations of Agreement.

(a) Until such time as the Restricted Shares are fully vested in accordance with Section 2(a) hereof, no purported sale, assignment, mortgage, hypothecation, transfer, charge, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Restricted Shares or any agreement or commitment to do any of the foregoing (each a "Transfer") by any holder thereof in violation of the provisions of this Restricted Share Agreement will be valid, except with the prior written consent of the Administrator (such consent shall be granted or withheld in the sole discretion of the Administrator).

(b) In addition to Section 2(b), any purported Transfer of Restricted Shares or any economic benefit or interest therein in violation of this Restricted Share

Agreement shall be null and void *ab initio*, and shall not create any obligation or liability of the Company, and any person purportedly acquiring any Restricted Shares or any economic benefit or interest therein transferred in violation of this Restricted Share Agreement shall not be entitled to be recognized as a holder of such Shares.

7. Taxes.

(a) The Non-Officer Director understands that he or she (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Restricted Share Agreement. The Company shall not be required to withhold any amounts in respect of any such taxes. The Non-Officer Director shall promptly notify the Company of any election made pursuant to Section 83(b) of the Code.

(b) A form of such election is attached hereto as Exhibit A.

THE NON-OFFICER DIRECTOR ACKNOWLEDGES THAT IT IS THE NON-OFFICER DIRECTOR'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b) OF THE CODE, EVEN IF THE NON-OFFICER DIRECTOR REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO MAKE THIS FILING ON THE NON-OFFICER DIRECTOR'S BEHALF.

(c) The Non-Officer Director acknowledges that the tax laws and regulations applicable to the Restricted Shares and the disposition of the Restricted Shares following vesting are complex and subject to change, and it is the sole responsibility of the Non-Officer Director to obtain his or her own advice as to the tax treatment of the terms of this Restricted Share Agreement.

BY SIGNING THIS AGREEMENT, THE NON-OFFICER DIRECTOR REPRESENTS THAT HE OR SHE HAS REVIEWED WITH HIS OR HER OWN TAX ADVISORS THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THAT HE OR SHE IS RELYING SOLELY ON SUCH ADVISORS AND NOT ON ANY STATEMENTS OR REPRESENTATIONS OF THE COMPANY OR ANY OF ITS AGENTS. THE NON-OFFICER DIRECTOR UNDERSTANDS AND AGREES THAT HE OR SHE (AND NOT THE COMPANY) SHALL BE RESPONSIBLE FOR ANY TAX LIABILITY THAT MAY ARISE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

8. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Restricted Share Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

9. Confidentiality.

(a) The Non-Officer Director acknowledges that during the period of his service with the Company he shall have access to the Company's Confidential Information (as defined below). All books of account, records, systems, correspondence, documents, and any and all other data, in whatever form, concerning or containing any reference to the works and business of the Company or its affiliated companies shall belong to the Company and shall be given up to the Company whenever the Company requires the Non-Officer Director to do so. The Non-Officer Director agrees that the Non-Officer Director shall not at any time during the term of the Non-Officer Director's service or thereafter, without the Company's prior written consent, disclose to any person (individual or entity) any information or any trade secrets, plans or other information or data, in whatever form, (including, without limitation, (a) any financing strategies and practices, pricing information and methods, training and operational procedures, advertising, marketing, and sales information or methodologies or financial information and (b) any Proprietary Information (as defined below)), concerning the Company's or any of its affiliated companies' or customers' practices, businesses, procedures, systems, plans or policies (collectively, "Confidential Information"), nor shall the Non-Officer Director utilize any such Confidential Information in any way or communicate with or contact any such customer other than in connection with the Non-Officer Director's service by the Company. The Non-Officer Director hereby confirms that all Confidential Information constitutes the Company's exclusive property, and that all of the restrictions on the Non-Officer Director's activities contained in this Agreement and such other nondisclosure policies of the Company are required for the Company's reasonable protection. Confidential Information shall not include any information that has otherwise been disclosed to the public not in violation of this Agreement. This confidentiality provision shall survive the termination of this Restricted Share Agreement and shall not be limited by any other confidentiality agreements entered into with the Company or any of its affiliates.

(b) With respect to any Confidential Information that constitutes a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force for so long as the particular information remains a trade secret or for the two year period immediately following termination of the Non-Officer Director's service for any reason, whichever is longer. With respect to any Confidential Information that does not constitute a "trade secret" pursuant to applicable law, the restrictions described above shall remain in force during the Non-Officer Director's service and for the two year period immediately following termination of Non-Officer Director's service for any reason.

(c) The Non-Officer Director agrees that the Non-Officer Director shall promptly disclose to the Company in writing all information and inventions generated, conceived or first reduced to practice by him alone or in conjunction with others, during or after working hours, while in the employ of the Company (all of which is collectively referred to in this Agreement as "Proprietary Information"); provided, however, that such Proprietary Information shall not include (a) any information that has otherwise been disclosed to the public not in violation of this Agreement and (b) general business knowledge and work skills of the Non-Officer Director, even if developed or improved by the Non-Officer Director while in the employ of the Company. All such Proprietary Information shall be the exclusive property of the Company and is hereby assigned by the Non-Officer Director to the Company. The Non-Officer Director's obligation relative to the disclosure to the Company of such Proprietary Information

anticipated in this Section shall continue beyond the Non-Officer Director's termination of service and the Non-Officer Director shall, at the Company's expense, give the Company all assistance it reasonably requires to perfect, protect and use its right to the Proprietary Information.

10. Governing Law. 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 Non-Officer Director hereby submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. The Non-Officer Director 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.

11. Incorporation of Plan. The Plan is hereby incorporated by reference and made a part hereof, and the Restricted Shares and this Restricted Share Agreement shall be subject to all terms and conditions of the Plan and this Restricted Share Agreement.

12. Amendments; Construction. The Administrator may amend the terms of this Restricted Share Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Non-Officer Director hereunder without his or her consent. To the extent the terms of Section 9 above conflict with any prior agreement between the parties related to such subject matter, the terms of Section 9 shall supersede such conflicting terms and control. Headings to Sections of this Restricted Share Agreement are intended for convenience of reference only, are not part of this Restricted Share Agreement and shall have no affect on the interpretation hereof.

13. Survival of Terms. This Restricted Share Agreement shall apply to and bind the Non-Officer Director and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

14. Rights as a Shareholder. During the period until the restrictions on Transfer of the Restricted Share lapse as provided in Section 2(a) hereof, the Non-Officer Director shall have all the rights of a shareholder with respect to the Restricted Shares save only the right to Transfer the Restricted Shares. Accordingly, the Non-Officer Director shall have the right to vote the Restricted Shares and to receive any ordinary dividends paid to or made with respect to the Restricted Shares.

15. Agreement Not a Contract for Services. Neither the Plan, the granting of the Restricted Shares, this Restricted Share Agreement nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Non-Officer Director has a right to continue to provide services as an officer, director,

employee, consultant or advisor of the Company or any Subsidiary or Affiliate for any period of time or at any specific rate of compensation.

16. Authority of the Administrator; Disputes. The Administrator shall have full authority to interpret and construe the terms of the Plan and this Restricted Share Agreement. The determination of the Administrator as to any such matter of interpretation or construction shall be final, binding and conclusive.

17. Severability. Should any provision of this Restricted Share Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Restricted Share Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Non-Officer Director Restricted Share Agreement.

18. Acceptance. The Non-Officer Director hereby acknowledges receipt of a copy of the Plan and this Restricted Share Agreement. The Non-Officer Director has read and understands the terms and provisions of the Plan and this Restricted Share Agreement, and accepts the Restricted Shares subject to all the terms and conditions of the Plan and this Restricted Share Agreement. The Non-Officer Director hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under this Restricted Share Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Restricted Share Agreement on the day and year first above written.

**EL POLLO LOCO HOLDINGS, INC.**

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

[NAME OF NON-OFFICER DIRECTOR]

\_\_\_\_\_

**EXHIBIT A**  
**ELECTION UNDER SECTION 83(b)**

## DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

AGREEMENT, dated as of \_\_\_\_\_, 2014 (this “Agreement”), between El Pollo Loco Holdings, Inc., a Delaware corporation (the “Company”), and \_\_\_\_\_ (“Indemnitee”).

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director and/or officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today’s environment;

WHEREAS, the Company’s Amended and Restated Certificate of Incorporation, as amended from time to time (the “Certificate of Incorporation”) and Amended and Restated By-Laws, as amended from time to time (the “By-Laws”) require the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law and Indemnitee has been serving and continues to serve as a director and/or officer of the Company in part in reliance on such Certificate of Incorporation and By-Laws;

WHEREAS, uncertainties as to the availability of indemnification created by recent court decisions may increase the risk that the Company will be unable to retain and attract as directors and officers the most capable persons available;

WHEREAS, the board of directors of the Company (the “Board”) has determined that the inability of the Company to retain and attract as directors and officers the most capable persons would be detrimental to the interests of the Company and that the Company therefore should seek to assure such persons that indemnification and insurance coverage will be available in the future; and

WHEREAS, in recognition of Indemnitee’s need for protection against personal liability, and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Certificate of Incorporation and By-Laws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Certificate of Incorporation and By-Laws or change in the composition of the Board or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and to the extent insurance is maintained, for the coverage of Indemnitee under the directors’ and officers’ liability insurance policy of the Company.

NOW, THEREFORE, in consideration of the premises and of Indemnitee’s agreement to serve the Company as a director and/or officer directly or, at its request, of another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement:

- (a) Change in Control: shall be deemed to have occurred if (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), other than (A) Trimaran Capital Partners, Freeman Spogli & Co. and their respective affiliates, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or (C) a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of shares of common stock of the Company, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company’s then-outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other entity other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company’s assets.
- (b) Claim: means any threatened, asserted, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or other, including any arbitration or other alternative dispute resolution mechanism, or any appeal of any kind thereof, or any inquiry or investigation, whether instituted by (or in the right of) the Company or any governmental agency or any other person or entity, in which Indemnatee was, is, may be or will be involved as a party, witness or otherwise.
- (c) ERISA: means the Employee Retirement Income Security Act of 1974, as amended.
- (d) Expenses: include attorneys’ fees and all other direct or indirect costs, expenses and obligations, including judgments, fines, penalties, interest,

appeal bonds, amounts paid in settlement with the approval of the Company, and counsel fees and disbursements (including, without limitation, experts' fees, court costs, retainers, appeal bond premiums, transcript fees, duplicating, printing and binding costs, as well as telecommunications, postage and courier charges) paid or incurred in connection with investigating, prosecuting, defending, settling, arbitrating, being a witness in or participating in (including on appeal), or preparing to investigate, prosecute, defend, settle, arbitrate, be a witness in or participate in, any Claim relating to any Indemnifiable Event, and shall include (without limitation) all attorneys' fees and all other expenses incurred by or on behalf of an Indemnitee in connection with preparing and submitting any requests or statements for indemnification, advancement or any other right provided by this Agreement (including, without limitation, such fees or expenses incurred in connection with legal proceedings contemplated by Section 2(d) hereof).

- (e) Indemnifiable Amounts: means (i) any and all liabilities, Expenses, damages, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, Expenses, damages, judgments, fines, penalties, ERISA excise taxes or amounts paid in settlement) arising out of or resulting from any Claim relating to an Indemnifiable Event, (ii) any liability pursuant to a loan guaranty or otherwise, for any indebtedness of the Company or any subsidiary of the Company, including, without limitation, any indebtedness which the Company or any subsidiary of the Company has assumed or taken subject to, and (iii) any liabilities which an Indemnitee incurs as a result of acting on behalf of the Company (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the United States Internal Revenue Service, penalties assessed by the United States Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise).
- (f) Indemnifiable Event: means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was (or agreed to serve as) a director and/or officer or fiduciary of the Company, or is or was serving (or agreed to serve) at the request of the Company as a director, officer, employee, manager, member, partner, tax matter partner, trustee, agent, fiduciary or in a similar capacity, of or for another company, corporation, limited liability company, partnership, joint venture, employee benefit plan, trust or other entity or enterprise, or by reason of anything done or not done by Indemnitee in any such capacity (in all cases whether or not Indemnitee is acting or serving in any such capacity or has such status at the time any Indemnifiable

Amount is incurred for which indemnification, advancement or any other right can be provided by this Agreement). The term “Company,” where the context requires when used in this Agreement, may be construed to include such other company, corporation, limited liability company, partnership, joint venture, employee benefit plan, trust or other entity or enterprise.

- (g) Indemnitee-Related Entity: means any company, corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity or enterprise (other than the Company or any other company, corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity or enterprise Indemnitee has agreed, on behalf of the Company or at the Company’s request, to serve as a director, officer, employee or agent and which service is covered by the indemnity described in this Agreement) from whom an Indemnitee may be entitled to indemnification or advancement of Expenses with respect to which, in whole or in part, the Company may also have an indemnification or advancement obligation.
- (h) Independent Legal Counsel: means an attorney or firm of attorneys (following a Change in Control, selected in accordance with the provisions of Section 3 hereof) who or which is experienced in matters of corporate law and who or which shall not have otherwise performed services for the Company or Indemnitee on any matter material to such party within the last three years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).
- (i) Jointly Indemnifiable Claim: means any Claim for which Indemnitee may be entitled to indemnification from both an Indemnitee-Related Entity and the Company pursuant to applicable laws, any indemnification agreements or the certificate of incorporation, by-laws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents of the Company or an Indemnitee-Related Entity.
- (j) Reviewing Party: means any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who or which is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.
- (k) Voting Securities: means any securities of the Company which vote generally in the election of directors.

## 2. Basic Indemnification Arrangement; Advancement of Expenses.

- (a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee, or cause Indemnitee to be indemnified, to the fullest extent permitted by applicable law as soon as practicable but in any event no later than thirty (30) days after written demand is presented to the Company, and hold Indemnitee harmless against any and all Indemnifiable Amounts.
- (b) If so requested by Indemnitee, the Company shall advance, or cause to be advanced promptly (and in any event within five (5) business days of such request), any and all Expenses incurred by Indemnitee (an "Expense Advance"). The Company shall, in accordance with such request (but without duplication), either (i) pay, or cause to be paid, such Expenses on behalf of Indemnitee or (ii) reimburse, or cause the reimbursement of, Indemnitee for such Expenses. Subject to Section 2(d), Indemnitee's right to an Expense Advance is absolute and shall not be subject to any prior determination by the Reviewing Party that Indemnitee has satisfied any applicable standard of conduct for indemnification.
- (c) Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification or advancement of Expenses pursuant to this Agreement in connection with any Claim initiated by Indemnitee unless (i) the Company has joined in or the Board has authorized or consented to the initiation of such Claim or (ii) the Claim is one to enforce Indemnitee's rights under this Agreement.
- (d) Notwithstanding the foregoing, (i) the indemnification obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written legal opinion, in any case in which the Independent Legal Counsel is involved as required by Section 3 hereof) that Indemnitee would not be permitted to be indemnified under applicable law and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(b) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines (in a written legal opinion, in any case in which the Independent Legal Counsel is involved as required by Section 3 hereof) that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid (it being understood and agreed that the foregoing agreement by Indemnitee shall be deemed to satisfy any requirement that Indemnitee provide the Company with an undertaking to repay any Expense Advance if it is ultimately determined that Indemnitee is not entitled to indemnification under applicable law); provided, however,

that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made that Indemnitee is not permitted to be indemnified under applicable law (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's undertaking to repay such Expense Advances shall be unsecured and interest-free. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board, and if there has been such a Change in Control, the Reviewing Party shall be the Independent Legal Counsel referred to in Section 3 hereof. If there has been no determination by the Reviewing Party within thirty (30) days after written demand is presented to the Company or if the Reviewing Party determines that Indemnitee would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the State of Delaware having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

3. Change in Control. The Company agrees that if there is a Change in Control then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any provision of the Certificate of Incorporation or By-Laws now or hereafter in effect, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably delayed, conditioned or withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. Indemnification for Additional Expenses. The Company shall indemnify, or cause the indemnification of, Indemnitee against any and all Expenses and, if requested by Indemnitee, shall advance such Expenses to Indemnitee subject to and in accordance with Section 2(b), which are incurred by Indemnitee in connection with any action brought by Indemnitee for (i) indemnification or an Expense Advance by the Company under this Agreement or any provision of the Certificate of Incorporation or By-Laws now or hereafter in effect or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, Expense

Advance or insurance recovery, as the case may be; provided that Indemnitee shall be required to reimburse such Expenses in the event that a final judicial determination is made (as to which all rights of appeal therefrom have been exhausted or lapsed) that such action brought by Indemnitee, or the defense by Indemnitee of an action brought by the Company or any other person, as applicable, was frivolous or in bad faith.

5. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses or other Indemnifiable Amounts in respect of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

6. Burden of Proof, Etc. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the Reviewing Party, a court, any finder of fact or any other relevant person shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the burden of proof shall be on the Company (or any other person or entity disputing such conclusions) to establish, by clear and convincing evidence, that Indemnitee is not so entitled.

7. Reliance as Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have 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 Company if Indemnitee's actions or omissions to act were taken in good faith reliance upon the records of the Company or any of its subsidiaries, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believed at the time were within such other person's professional or expert competence and who had been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and actions, or failures to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

8. No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or did not have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee did not meet any particular standard of conduct or did not have any particular belief, prior to the commencement of legal proceedings by Indemnitee to secure a

judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee did not meet any particular standard of conduct or did not have any particular belief.

9. Nonexclusivity, Etc. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Certificate of Incorporation or By-Laws, the Delaware General Corporation Law or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded as of the date hereof under the Certificate of Incorporation or By-Laws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. To the extent that there is a conflict or inconsistency among the terms of this Agreement, the Certificate of Incorporation and By-Laws, it is the intent of the parties hereto that Indemnitee shall enjoy the greatest benefits regardless of whether contained herein or in the Certificate of Incorporation or By-Laws. No agreement or amendment or alteration of the Certificate of Incorporation or By-Laws or of any agreement, other than of this Agreement pursuant to the terms hereof, shall adversely affect the rights provided to Indemnitee under this Agreement. No change in applicable law shall have the effect of reducing the benefits available to Indemnitee hereunder.

10. Liability Insurance. To the extent that the Company maintains insurance policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policies in accordance with their terms to the maximum extent of the coverage available for the Company's directors and officers. If the Company has such insurance policies in effect at the time that the Company receives from Indemnitee any notice of the commencement of an action, suit or proceeding, the Company shall give prompt notice of the commencement of such action, suit or proceeding to its insurers thereunder in accordance with the procedures set forth therein. The Company shall thereafter take all necessary or desirable actions to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of any such proceeding in accordance with the terms of such policies.

11. Period of Limitations. No legal action shall be brought and no claim or cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two (2) years from the date of accrual of such claim or cause of action, and any claim or cause of action of or on behalf of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within that two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to such a claim or cause of action, such shorter period shall govern.

12. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to, or shall, constitute a waiver of any other provisions hereof (whether or not similar), nor shall such a waiver constitute a continuing waiver.

13. Subrogation. Subject to Section 14 hereof, in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers reasonably required and shall do everything

that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights. The Company shall pay or reimburse all Expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

14. Jointly Indemnifiable Claims. Given that certain Jointly Indemnifiable Claims may arise due to the relationships between an Indemnitee-Related Entity and the Company and the service of Indemnitee as a director and/or officer of the Company at the request of that Indemnitee-Related Entity, the Company acknowledges and agrees that the Company shall be fully and primarily responsible for the payment to Indemnitee in respect of indemnification and advancement of expenses in connection with any such Jointly Indemnifiable Claim, pursuant to and in accordance with the terms of this Agreement, irrespective of any right of recovery Indemnitee may have from the Indemnitee-Related Entity, and no right of recovery Indemnitee may have from the Indemnitee-Related Entity shall reduce or otherwise alter the rights of Indemnitee or the obligations of the Company hereunder. In the event that any Indemnitee-Related Entity shall make any payment to Indemnitee in respect of indemnification or advancement of Expenses with respect to any Jointly Indemnifiable Claim, the Company agrees that such payment or advancement shall not extinguish or affect in any way the rights of Indemnitee under this Agreement and further agrees that the Indemnitee-Related Entity making such payment shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against the Company. Every Indemnitee-Related Entity shall be a third-party beneficiary with respect to this Section 14, entitled to enforce this Section 14 against the Company as though such Indemnitee-Related Entity were a party to this Agreement.

15. No Duplication of Payments. Subject to Section 14 hereof, the Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent that Indemnitee has otherwise actually received payment of such amount otherwise indemnifiable hereunder, whether under any insurance policy, provision of the Certificate of Incorporation or By-Laws, or otherwise.

16. Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event or to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee; provided that if Indemnitee believes, after consultation with counsel selected by Indemnitee, that (i) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict of interest, (ii) the named parties in any such Claim (including any impleaded parties) include both the Company, or any subsidiary of the Company, and Indemnitee, and Indemnitee concludes that there may be one or more legal defenses available to him or her that are different from or in addition to those available to the Company or such subsidiary, or (iii) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Claim) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any Claim relating to an Indemnifiable Event effected without the Company's prior written consent. The Company shall not, without the prior written consent of Indemnitee, effect any settlement of any Claim relating to an Indemnifiable Event to which

Indemnitee is, was or could have been a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of Indemnitee from all liability on all claims that are the subject matter of such Claim. Neither the Company nor Indemnitee shall unreasonably withhold, condition or delay its or his or her consent to any proposed settlement; provided that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee. In no event shall Indemnitee be required to waive, prejudice or limit attorney-client privilege or work-product protection or other applicable privilege or protection.

17. No Adverse Settlement. The Company shall not seek, nor shall it agree to, consent to, support, or agree not to contest any settlement or other resolution of, any Claim, claim, action, proceeding, demand, investigation or other matter that has the actual or purported effect of extinguishing, limiting or impairing Indemnitee's rights hereunder, including, without limitation, any entry of a bar order or other order, decree or stipulation, pursuant to 15 U.S.C. § 78u-4 (the Private Securities Litigation Reform Act) or any similar foreign, federal or state statute, regulation, rule or law.

18. Binding Effect, Etc. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor or continuing company by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect and whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee and his or her counsel, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer and/or director of the Company or of any other entity or enterprise at the Company's request.

19. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the obligations of the Company hereunder through an irrevocable bank line of credit, a funded trust or other collateral or by other means. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of such Indemnitee.

20. Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to the terms of this Agreement.

21. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, enforce specific performance, enjoin that violation, or obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

22. Notices. Any notice, request, consent or other communication hereunder to any party shall be deemed to be sufficient if contained in a written document delivered in person or sent by facsimile, nationally recognized overnight courier or personal delivery, addressed to such party at the address or addresses indicated below. Such a communication shall be sent instead to such other address as may be designated from time to time in writing by a party to the other party.

(a) If to the Company, to:

El Pollo Loco Holdings, Inc.  
3535 Harbor Blvd., Suite 100  
Costa Mesa, California 92626  
Attention: Edye Austin, Vice President—Legal  
Telephone Number: (714) 599-5093  
Fax Number: (714) 599-5593

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

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
Attention: Richard B. Aftanas, Esq.  
Telephone Number: (212) 735-3000  
Fax Number: (212) 735-2000

(b) If to Indemnitee, to the address set forth below his or her signature hereto.

All such notices, requests, consents and other communications shall be deemed to have been given or made if and when received (including by overnight courier) by the parties at the aforementioned addresses, with confirmation received, to the facsimile numbers specified above (or at such other address or facsimile number for a party as shall be specified by like notice). Any notice delivered by any party hereto to any other party hereto shall also be delivered to each other party hereto simultaneously with delivery to the first party receiving such notice.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof.

25. Governing Law. This 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 in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

EL POLLO LOCO HOLDINGS, INC.

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
[Name]

Indemnitee

Indemnitee's Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Director and Officer Indemnification Agreement]*

Consent of Independent Registered Public Accounting Firm

El Pollo Loco Holdings, Inc.  
Costa Mesa, California

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated April 25, 2014, except for Note 16 which is as of July 14, 2014, relating to the consolidated financial statements of El Pollo Loco Holdings, Inc., and of our report dated June 4, 2014, except for Note 4 which is as of July 14, 2014, relating to the schedule, which are contained in that Prospectus.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ BDO USA, LLP  
Costa Mesa, California

July 22, 2014