

## FRANCHISE DISCLOSURE DOCUMENT

**EL POLLO LOCO, INC.**, a Delaware corporation

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El Pollo Loco® franchisees operate quick-service restaurants that offer fire-grilled food products and related services.

The total investment necessary to begin operation of an El Pollo Loco® Restaurant under a Franchise Agreement is between \$779,750 to \$2,655,500. This includes \$86,500 to \$132,500 that must be paid to the franchisor or its affiliate. We also offer development rights for El Pollo Loco® Restaurants. The fee to enter into a Development Agreement with us is \$20,000 per restaurant to be developed and must be paid to the franchisor or its affiliate. The \$20,000 per restaurant development fee will be credited towards the initial franchise fee for each restaurant to be developed. If you purchase an existing restaurant from us, you will pay a purchase price for the restaurant in addition to the initial franchise fee of \$40,000 that must be paid to the franchisor or its affiliate. A different initial term may be offered, at our sole and absolute right to determine, such as to match the lease or sublease of your restaurant. In such case, the initial franchise fee will be appropriately pro-rated.

This Disclosure Document summarizes certain provisions of your franchise or development agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact: El Pollo Loco Franchise Development at 3535 Harbor Blvd., Suite 100, Costa Mesa, California 92626, Phone: (714) 599-5000; Fax: (714) 599-5503.

The terms of your contract will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.Ftc.Gov](http://www.Ftc.Gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 27, 2024

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

<p><b>How much can I earn?</b></p>	<p>Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit L.</p>
<p><b>How much will I need to invest?</b></p>	<p>Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.</p>
<p><b>Does the franchisor have the financial ability to provide support to my business?</b></p>	<p>Item 21 or Exhibit L includes financial statements. Review these statements carefully.</p>
<p><b>Is the franchise system stable, growing, or shrinking?</b></p>	<p>Item 20 summarizes the recent history of the number of company-owned and franchised outlets.</p>
<p><b>Will my business be the only El Pollo Loco<sup>®</sup> business in my area?</b></p>	<p>Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.</p>
<p><b>Does the franchisor have a troubled legal history?</b></p>	<p>Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.</p>
<p><b>What's it like to be an El Pollo Loco<sup>®</sup> franchisee?</b></p>	<p>Item 20 or Exhibits J and K lists current and former franchisees. You can contact them to ask about their experiences.</p>
<p><b>What else should I know?</b></p>	<p>These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.</p>

## What You Need to Know About Franchising, *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, which requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement and franchise development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Competition with your Franchise**. El Pollo Loco® and its affiliates may establish other channels of distribution and may sell or distribute any product or service to the general public under the same and/or a different trademark, in competition with your franchise.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**NOTICE TO FRANCHISEES  
IN THE  
STATE OF HAWAII**

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

**Registered agent in the state authorized to receive service of process: Commission of Securities of the State of Hawaii.**

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Exhibit D: Purchase Agreement	
Exhibit E: Sublease Agreement	
Exhibit F: Franchise Development Agreement	
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Exhibit J: List of Franchisees	
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## **ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

### The Franchisor

To simplify the language in this Disclosure Document “**we**”, “**us**”, “**our**” or “**EPL**” means El Pollo Loco, Inc., the franchisor. “**You**” means the person who buys the franchise. If you are a corporation, limited liability company, partnership or other legal entity, certain provisions of the agreements described in this Disclosure Document also apply to all of your owners who are required to personally guarantee your obligations under the agreements.

We were incorporated in Delaware on October 2, 1989. Our principal business address is 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626 (“**Support Center**”) and our telephone number is (714) 599-5000. Our agents for service of process are listed in Exhibit B. We conduct business under our corporate name and under the name “**EI Pollo Loco**”.

### Our Parents, Affiliates, Predecessor, and Subsidiaries

We are a wholly owned subsidiary of EPL Intermediate, Inc. (“**EPLI**”). EPLI was incorporated in Delaware on December 14, 1999. EPLI is a wholly-owned subsidiary of El Pollo Loco Holdings, Inc. (“**Old EPLH**”). Old EPLH was incorporated in Delaware on September 13, 2005. Prior to April 21, 2014, Old EPLH was a wholly owned subsidiary of Chicken Subsidiary Corp. (“**CSC**”). CSC was incorporated in Delaware on October 20, 2005. Also prior to April 21, 2014, CSC was a wholly owned subsidiary of Chicken Acquisition Corp. (“**CAC**”). CAC was incorporated in Delaware on September 13, 2005. On April 21, 2014, Old EPLH merged with and into CSC, which in turn merged with and into CAC, at which point CSC ceased to exist as a separate corporate entity. CAC was then renamed El Pollo Loco Holdings, Inc. (“**EPLH**”). The principal place of business of EPLI and EPLH is 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626 and the telephone number is (714) 599-5000. On July 25, 2014, EPLH began publicly trading on the National Association of securities Dealers Automated Quotation System (“**NASDAQ**”). EPL has no predecessors.

Consolidated audited financials for EPLH, EPLI and EPL reflecting our current debt/equity structure are included in Item 21.

### The Franchise Offered

EPL has offered franchises for the operation of restaurants under the trade name “El Pollo Loco,” since 1980 (restaurants operated under the trade name “El Pollo Loco” whether operated by us or our franchisees, are referred to generally in this Disclosure Document as “**EPL Restaurants**”; the EPL Restaurant you will operate in the United States is referred to as the “**Restaurant**”; the EPL Restaurants operated by franchisees in the United States are referred to as “**Franchised Restaurants**”). We have not offered

franchises in other lines of business and are engaged only in business activities related to EPL Restaurants.

EPL Restaurants are quick-service restaurants that offer and serve fire-grilled food items and related products and services, featuring Mexican-style fire-grilled chicken. We have developed a comprehensive system for operating EPL Restaurants, which includes trademarks (“**Marks**”), building designs and layouts, equipment, ingredients, recipes and specifications for authorized food products, training, methods of inventory control and operational and business standards and policies (the “**System**”).

As of December 27, 2023, we owned and operated 172 EPL Restaurants in the United States (collectively, “**Franchisor Restaurants**”) and have licensed 323 EPL franchises in the United States and 9 in the Philippines.

The average number of years for all EPL Restaurants<sup>1</sup> open for at least one calendar year is 21.86 years. The median number of years for all EPL Restaurants<sup>1</sup> is 22.08 years. As of December 27, 2023, the shortest open duration for all of the EPL Restaurants<sup>1</sup> used in compiling data was 1 day, and the longest open duration for such EPL Restaurants<sup>1</sup> was 40.22 years. For all of the Franchisor Restaurants as of that date, the shortest open duration was 0.19 years, and the longest open duration was 40.22 years. For all of the Franchised Restaurants as of that date, the shortest open duration was 1 day, and the longest open duration was 40.22 years.

#### Years Franchised Restaurants in the United States Have Been in Operation:

Years Open	Arizona	California	Colorado	Louisiana	Nevada	Texas	Utah	Total
0 < 5	1	12	2	1	0	1	2	19
5 < 10	9	28	0	1	1	23	6	68
10 < 15	0	15	0	0	0	0	0	15
15 < 20	8	38	0	0	1	0	2	49
≥ 20	9	153	0	0	3	7	0	172
<b>Total</b>	27	246	2	2	5	31	10	323

<sup>1</sup> All EPL Restaurants are located in the United States.

## Years Franchisor Restaurants in the United States Have Been in Operation

Years Open	California	Nevada	Total
0 < 5	4	6	10
5 < 10	15	5	20
10 < 15	4	4	8
15 < 20	23	6	29
≥ 20	98	7	105
<b>Total</b>	144	28	172

We do not do any business under any name other than El Pollo Loco®.

Under certain circumstances, we may offer to you an option to develop one or more new EPL Restaurant(s) within a designated geographical area under a Franchise Development Agreement (“**Development Agreement**”) (Exhibit F).

The Franchise Agreement described in this Disclosure Document (Exhibit C) grants you the right to operate a single Restaurant using our System. In exchange, you agree to pay royalty, advertising and other fees, and to operate the Restaurant in strict compliance with our standards and procedures.

Under certain circumstances, we may offer to franchise a Franchisor Restaurant (a “**Turnkey Restaurant**”). In these transactions, we negotiate with the prospective franchisee to reach mutually acceptable terms of a sale agreement and any lease or sublease of real estate. If we offer to sell you a franchise for a Turnkey Restaurant, we will sell our interests in the Turnkey Restaurant to you under a Purchase Agreement in substantially the same form as in this Disclosure Document (Exhibit D) and may sublease to you the premises of the Turnkey Restaurant under a Sublease in substantially the same form as in this Disclosure Document (Exhibit E).

If you purchase a Turnkey Restaurant, you must sign a Franchise Agreement, a Purchase Agreement and, if applicable, a Sublease and/or a Development Agreement. Depending on the circumstances, the terms may vary from the standard terms of our Franchise Agreement, Purchase Agreement, Sublease and/or Development Agreement.

Under certain circumstances, an existing franchisee may offer to sell an existing Franchised Restaurant (a “**Turnkey Franchised Restaurant**”). If you purchase a Turnkey Franchised Restaurant from an existing franchisee, you must sign with us a Consent to and Assignment of Franchise Rights in substantially the same form as described in this Disclosure Document (Exhibit 9 to the Franchise Agreement) and a Franchise Agreement and, if applicable, a sublease for the premises of the Turnkey Franchised Restaurant under a new Sublease in substantially the same form as Exhibit E. Depending on the circumstances, the terms may vary from the standard terms of our Franchise Agreement,

## Consent to and Assignment of Franchise Rights, and/or Sublease.

### The Competition

The food service industry is highly competitive and can be affected significantly by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, and increases in the number of, and particular location of, competing quick-service, fast-food and fast casual restaurants. In addition, you may face some competition from the frozen food products sold under the Marks by certain supermarkets, membership warehouses, and other markets. We believe that the general market for fast-food is a mature market.

### Industry Specific Regulations

In addition to the laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal and State Wage and Hour Laws, and the Occupation, Health and Safety Act, certain aspects of any restaurant business are regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities (e.g., the Food Safety Modernization Act). State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions from commercial food preparation. Your Restaurant must accept credit and debit card transactions in a manner that is fully compliant with the requirements and standards of the Payment Card Industry (“**PCI**”) in order to minimize any risk of unauthorized disclosure of personal information of cardholders. Under certain cyber, data security and data protection laws, amongst other requirements, you may be required to secure and protect customer information, obtain consent from customers to use their data, disclose certain customer information along with the purpose for which it is used and minimize any risk of unauthorized disclosure of such customer information. The California Legislature passed AB 1228 on September 28, 2023, which creates new standards for National Fast Food Chain Restaurants. This bill establishes and authorizes the Fast-Food Council to set fast-food restaurant standards for minimum wage and develop minimum standards on working hours and other working conditions, including health and safety standards and training.

### Public Health Regulations

Due to the 2020 worldwide pandemic, we made mandatory changes to our operating standards and some changes to our EPL Restaurants format, design and image standards. We will continue to assess and re-assess the impact on our system of any future public health threats. Your Restaurant will need to comply with existing and future public health orders, rules and laws for your city, county, state and federal laws.

## ITEM 2: BUSINESS EXPERIENCE

Unless otherwise indicated, the location of the current employer of the individual indicated is Costa Mesa, California.

Chief Executive Officer: Elizabeth Williams – Liz Williams has served as Chief Executive Officer at EPL since March 2024. From May 2022 to March 2024 Ms. Williams served as CEO and President for Foxtrot and Outfox Ventures in Chicago, IL, from June 2021 to May 2022 as CEO for Hart House in Los Angeles, CA, from May 2020 to May 2021 as CEO for Drybar in Irvine, CA and from February 2010 to February 2020 as President and CFO for Taco Bell in Irvine, CA.

President and Chief Operations Officer: Maria Hollandsworth – Ms. Hollandsworth has served as President and Chief Operations Officer since March 2024. She previously served as Interim Chief Executive Officer, Interim President and Chief Operations Officer for EPL from November 2023 to March 2024, and as Chief Operations Officer from October 2022 to November 2023. From July 2019 to October 2022, she served as Regional Vice President of Operations: US West/Southwest Region at Dunkin' U.S. West/Southwest Region, a division of Inspire Brands, Inc. in Sandy Springs, GA.

Executive Vice President, Chief Financial Officer & Treasurer: Ira Fils – Mr. Fils joined EPL in June 2022 as Executive Vice President, Chief Financial Officer & Treasurer. From August 2008 to June 2022, he served as Chief Financial Officer and Secretary at The Habit Burger Grill, a division of YUM! Brands in Irvine, CA.

Executive Vice President, Chief Legal and People Officer: Anne Jollay – Ms. Jollay has served as Executive Vice President, Chief Legal and People Officer for EPL since November 2023, as Senior Vice President, Chief Legal Officer for EPL from March 2021 to November 2023, and as Vice President, Deputy General Counsel for EPL from November 2020 to March 2021. From February 2011 to November 2020, she served as SVP, General Counsel for California Pizza Kitchen in Playa Vista, CA.

Executive Vice President and Chief Development Officer: Brian Carmichall – Mr. Carmichall has served as Executive Vice President and Chief Development Officer for EPL since October 2021, as Senior Vice President and Chief Development Officer for EPL from April 2019 to October 2021, and as Vice President, Development from January 2018 to April 2019.

Senior Vice President and Chief Marketing Officer: Jill Adams – Ms. Adams has served as Senior Vice President and Chief Marketing Officer for EPL since October 2023. From October 2020 to October 2023, she served as Vice President of Marketing for Mister Car Wash in Tucson, AZ and from April 2017 to October 2020 as Senior Vice President of Marketing for QDOBA Mexican Eats in San Diego, CA.

Senior Vice President and Chief Information Officer: Clark Matthews – Mr. Matthews serves as Senior Vice President and Chief Information Officer since March 2024. Previously, Mr. Matthews served as Vice President of Information Technology for EPL from December 2015 to March 2024.

Vice President, General Counsel: Stephanie Espinosa – Ms. Espinosa has served as Vice President, General Counsel for EPL since November 2023. Between September 2021 and November 2023, she was Vice President, Deputy General Counsel for EPL. From April 2020 to August 2021, she was Senior Employment Counsel for Walgreens (remotely for their Deerfield, IL headquarters). Starting in 2012, she worked for California Pizza Kitchen in Playa Vista, CA, most recently as Associate General Counsel (January 2017 to April 2020).

Vice President, Franchise Operations: Christina Camara – Ms. Camara serves as Vice President, Franchise Operations for EPL since May 2023. Prior to that Ms. Camara served as Senior Franchise Business Consultant (Director) for Jack in the Box in Windsor, CA from March 2023 to May 2023 and as Franchise Business Consultant (Director) for Jack in the Box in Windsor, CA from May 2015 to February 2023.

Vice President, Training & Operations Services: Richard Pepper – Mr. Pepper serves as Vice President, Training & Operations Services for EPL since May 2023. Prior to that Mr. Pepper served as Sr. Director Restaurant Services & Innovation for Whataburger in San Antonio, TX from January 2022 to May 2023, as Director Restaurant Services for Whataburger in San Antonio, TX from February 2019 to December 2021.

Director, Franchise Sales: Chad Cantrell – Mr. Cantrell has served as Director of Franchise Sales for EPL since March 2022. Prior to that Mr. Cantrell served as Director of Franchise Sales and Development from November 2019 to March 2022, as Director of Non-Traditional Store Development from September 2019 to November 2019, as Director of Real Estate Development and Franchise Sales Operations from May 2018 to September 2019, and as Real Estate Manager – Western U.S. from January 2015 to May 2019 for The UPS Store, Inc. in San Diego, CA.

Director, Real Estate: Ivan Abreu – Mr. Abreu serves as Director of Real Estate for EPL since April 2023 prior to which Mr. Abreu served as Sr. Manager – Real Estate for Inspire Brands in Chula Vista, CA from April 2014 to March 2023.

Director, Franchise Business: Dolores Schwarz – Ms. Schwarz has served as Director, Franchise Business for EPL since March 2017.

Director, Franchise Business: Esmeralda Mejia – Ms. Mejia has served as Director, Franchise Business for EPL since January 2018.

Director, Franchise Business: Melo Marcarian – Mr. Marcarian has served as Franchise Business Director since March 2024. Previously he served as Regional Director of Operations for EPL from January 2022 to March 2024; as Acting Director of Field Training

from July 2021 to January 2022; and as Senior Manager, New Restaurant Opening and Field Training from January 2018 to July 2021.

Director, Franchise Business: Amir Kashanchi – Mr. Kashanchi has served as Franchise Business Director with EPL since March 2024. From December 2023 to March 2024, Mr. Kashanchi served as a Franchise Business Consultant, and as Area Leader from June 2022 to December 2023. Prior to EPL, Mr. Kashanchi served as Managing Partner at California Pizza Kitchen from June 2020 to June 2022, and as General Manager and in various other roles from October 2002 to June 2020.

Franchise Sales Associate: Kristin Ashworth – Ms. Ashworth serves as Franchise Sales Associate for EPL since March 2023 prior to which Ms. Ashworth served as Franchise Coordinator for EPL from March 2016 to March 2023.

Chairperson & Director: William R. Floyd – Mr. Floyd has served as Chairperson of the Board of EPL since April 2023 and as a Director of EPL since April 2016. From October 2017 to September 2020, Mr. Floyd served as Chairperson of Busaba Restaurants in London, England, from September 2012 to October 2019, as a Director of Korn/Ferry International (NYSE: KFY) in New York, NY, from November 2012 to December 2019, as Director of Pivot Physical Therapy in Towson, MD, from October 2016 to July 2020, as a board member of Muzinich Capital, LLC in New York, NY and from January 2006 to October 2021, as a member of the Board of Overseers for the University of Pennsylvania School of Nursing in Philadelphia, PA.

Director: Michael Maselli – Mr. Maselli has served as Director of EPL since November 2010 and as Managing Director of the Trimaran Fund Management, LLC in New York, NY since February 2006 and as President of NioCorp Development, Ltd. in Centennial, CO since March 2023. Mr. Maselli served as Chairperson of the Board of EPL from September 2011 to April 2023, as President for GX Acquisition Corp. II in New York, NY from March 2021 to March 2023, as Vice President of Acquisitions for GX Acquisition Corp. in New York, NY from May 2019 to July 2021.

Director: Samuel N. Borgese – Mr. Borgese has served as a Director of EPL since January 2011, as President, Chief Executive Officer and Director for Shari's Management Corporation and Shari's Restaurant Group both in Beaverton, OR since July 2017, as President and Chief Executive Officer of Gather Holdings, LLC in Dallas, TX since March 2022, and as Managing Partner for Aceneca, LLC in Dallas, TX since January 2011.

Director: Mark Buller – Mr. Buller has served as a Director of EPL since June 2015 and as Executive Chairman of Superior Cabinets in Saskatoon, SK, Canada since July 2018.

Director: Carol (Lili) Lynton – Ms. Lynton has served as a Director of EPL since April 2016. Since May 1992, Ms. Lynton served as an Operating Partner for The Dinex Group in New York City ("NYC"), NY. Additionally, since June 1987, Ms. Lynton served as the Chief Investment Officer of HD American Trust, a family investment office in NYC, NY. Since October 1993, Ms. Lynton has been a member of the Boards of Trustees for East Harlem Scholars Academy, East Harlem Scholars Academy II, and East Harlem Tutorial Program

in NYC, NY. Since May 2015, Ms. Lynton has been an Advisory Board Member for The Hamilton Project in Washington, DC. Since September 2015, Ms. Lynton has been a Board Member for The New York City Hospitality Alliance in NYC, NY. Since September 2019, Ms. Lynton has been a Trustee and Chair of the Audit Committee for CIM RACR in NYC, NY. Since December 2019, Ms. Lynton has been a Director for Gaming & Leisure Properties, Inc. in Wyomissing, PA and since June 2021, Ms. Lynton served as a Board Member for the Vera Institute of Justice in NYC, NY. Furthermore, from September 2012 to December 2019, Ms. Lynton served as a Director and Executive Officer for PR NYC, LLC in NYC, NY.

Director: Douglas J. Babb – Mr. Babb has served as Director of EPL since January 2018. Since August 2006, Mr. Babb served as a Managing Director of Babb Strategic Services, LLC in Fort Smith, AR. Additionally since July 2018, Mr. Babb served as the Chairman of the Board of Directors of the United States Marshalls Museum in Fort Smith, AR and since January 2022, as the Chairman of the Board of Directors of the University of Arkansas-Forth Smith in Fort Smith, AR.

Director: Nancy E. Faginas-Cody – Ms. Faginas-Cody has served as Director of EPL since December 2021. From November 1999 to April 2020, Ms. Faginas-Cody served as Senior Vice President, Information Technology Enterprise Business Systems for Walt Disney Company in Burbank, CA.

Director: Deborah (“Debbie”) Gonzalez – Ms. Gonzalez has served as Director of EPL since December 2021 and as Senior Vice President, Global Marketing & Communications for Concentrix Corporation in Fremont, CA since September 2020. From May 2018 to September 2020, Ms. Gonzalez served as a self-employed CMO Consultant in Fountain Hills, AZ.

### ITEM 3: LITIGATION

#### Pending Litigation:

None.

#### Pending Franchisor-Initiated Litigation

None.

#### Concluded Litigation

1. On or about November 5, 2015, a purported EPLH shareholder filed a derivative complaint on behalf of EPLH in the Delaware Court of Chancery against certain EPLH officers, directors and Trimaran Pollo Partners, L.L.C., captioned Armen Galustyan v. Sather, et al. (Case No. 11676-VCL) (“**Galustyan Action**”). The derivative complaint alleges that defendants breached their fiduciary duties to EPLH and were unjustly enriched when they sold shares of EPLH at artificially inflated prices due to alleged misrepresentations and omissions regarding EPLH’s comparable store sales in the second quarter of 2015. On behalf of EPLH, the complaint sought an award of compensatory damages and a court order requiring stockholder approval of certain amendments to EPLH’s Bylaws and Certificate of Incorporation. The purported EPLH shareholder voluntarily dismissed the action on October 7, 2020.

On or about September 23, 2016, a second purported EPLH shareholder filed a derivative complaint on behalf of EPLH in the Delaware Court of Chancery captioned Diep v. Sather, (Case No. 12760-VCL) (“**Diep Action**”) against the same defendants named in the Galustyan Action. The complaint in the Diep Action asserted substantially the same claims as the Galustyan Action.

On May 21, 2021, while the Special Litigation Committee’s (“**SLC**”) motion to dismiss the Diep Action was pending, EPLH filed a notice of proposed partial settlement of the Diep Action with respect to defendants Kay Bogeajis, Laurance Roberts, Stephen J. Sather, Edward J. Valle, Douglas K. Ammerman, and Samuel N. Borgese (collectively, the “**Settling Defendants**”). Defendant Trimaran Pollo Partners, LLC (“**Trimaran**”) was not a party to the settlement. The court approved the settlement of \$625,000, less plaintiffs’ fees of \$156,250, on September 10, 2021, and dismissed all claims brought, or that could have been brought, against Settling Defendants.

On July 30, 2021, the court granted the SLC’s motion to dismiss with respect to the claims asserted against remaining defendant Trimaran. On October 4, 2021, plaintiffs filed a notice of appeal of the court’s granting of the motion to dismiss against defendant Trimaran. Plaintiff filed its opening brief on December 6, 2021. SLC filed its answering brief on December 20, 2021 and the public version of the brief was filed on January 7, 2022. Plaintiffs filed the reply brief on January 4, 2022. The hearing on the appeal took place on March 30, 2022. On June 28, 2022, the court’s granting of the motion to dismiss

against Trimaran was affirmed.

2. Janice P. Handlers-Bryman and Michael D. Bryman v. El Pollo Loco, Inc. (Case No. MC026045) (the “**Lancaster Lawsuit**”) was filed in the Superior Court of the State of California, County of Los Angeles on February 9, 2016. Plaintiffs brought claims for (i) breach of the implied covenant of good faith and fair dealing, (ii) intentional interference with prospective business, and (iii) unfair business practices based on allegations that we unreasonably limited their development of additional Restaurants in Lancaster, California and then developed two Franchisor Restaurants in the market area of their existing Franchised Restaurant in Lancaster, California. The complaint sought reformation of the contract, declaratory relief, disgorgement of alleged revenues and profits, injunctive relief, and an order that we either transfer the Franchisor locations to plaintiffs or disgorge profits from the operation of the Franchisor owned Restaurants in Lancaster, California. We denied plaintiffs’ allegations on the ground that the franchise agreement did not grant plaintiffs any exclusive territorial rights and expressly reserved for us the right to open and operate Restaurants directly or through other franchisees in Lancaster, California. On December 11, 2017, the jury returned a verdict in favor of plaintiffs finding that we breached the implied covenant of good faith and fair dealing by constructing two new Franchisor Restaurants in Lancaster, with the court retaining jurisdiction to decide the other two non-jury claims at a later date. On May 1, 2018, the jury returned a verdict on damages in favor of plaintiffs in the following amounts: (1) \$4,356,600 in “impact damages” arising out of our construction of the two Franchisor owned El Pollo Loco Restaurants in Lancaster, and (2) \$4,481,206 in “lost opportunity damages” arising out of our failure to offer the two new Franchisor owned El Pollo Loco Restaurants in Lancaster to plaintiffs. On August 1, 2018, the court issued a final judgment ordering EPL to revise its disclosure document and franchise agreement to add language awarding a 0.5-mile protected territory to each existing and future free-standing or traditional in-line Franchised Restaurant in California opened within the next 5 years and awarding plaintiffs a total monetary judgment of \$8,837,806. The trial court subsequently awarded the plaintiffs’ attorneys’ fees of \$1,391,702.50 and costs of \$249,727.56. Belatedly, on January 27, 2020, the court dismissed plaintiffs’ claims for reformation and declaratory relief. On August 27, 2018, we filed a notice of appeal as to the entire judgment. While the appeal was pending, on August 21, 2020, we reached an agreement with plaintiffs to settle the action for (i) our payment of \$2.5 Million, and (ii) our agreement to include the court-ordered 0.5-mile protected territory language in existing and new free-standing or traditional in-line Franchised Restaurant in California opened within the next 5 years. In exchange, plaintiffs stipulated to our motion asking the California Court of Appeal to reverse the trial court judgment with prejudice. The Court of Appeal granted this stipulated motion on September 2, 2020 and the trial court reversed its judgment and dismissed the case with prejudice on September 10, 2020.

3. On or about February 24, 2014, a former employee at an Franchisor Restaurant filed a class action in the Superior Court of the State of California, County of Orange captioned Elliott Olvera, et al v. El Pollo Loco, Inc., et al (Case No. 30 2014 00707367 CU-OE-CXC) (the “**Olvera Action**”) on behalf of all hourly employees working at Franchisor Restaurants in California on and after April 10, 2010 alleging certain violations

of California labor laws. The claims included failure to pay overtime compensation, provide meal periods and rest breaks, and provide itemized wage statements. The complaint sought compensatory and punitive damages, injunctive relief, disgorgement of profits, and reasonable attorneys' fees and costs without specifying a specific amount of damages. The Olvera Action was eventually consolidated with separate class actions captioned Martha Perez v. El Pollo Loco, Inc. (Los Angeles Superior Court Case No. BC624001), Maria Vega, et al. v. El Pollo Loco, Inc. (Los Angeles Superior Court Case No. BC649719), and Gonzalez v. El Pollo Loco, Inc. (Los Angeles Superior Court Case No. BC712867), involving similar California labor law claims filed by different putative classes of hourly employees at Franchisor Restaurants. On January 24, 2019, we agreed to pay \$16.3 Million to the more than 32,000 putative class members in the Olvera, Perez, Vega, and Gonzalez actions to settle all claims for the period from April 12, 2010 to April 1, 2019. The court approved the settlement on January 31, 2020. The settlement payment was made on February 28, 2020 and the case was dismissed with prejudice after the last day for class members to cash their settlement checks on April 13, 2021.

4. Daniel Turocy, et al. v. El Pollo Loco Holdings, Inc., et al. (Case No. 8:15-cv-01343) was filed in the United States District Court for the Central District of California on August 24, 2015, and Ron Huston, et al. v. El Pollo Loco Holdings, Inc., et al. (Case No. 8:15-cv-01710) was filed in the same court on October 22, 2015. Both lawsuits named as defendants EPLH, Stephen J. Sather, Laurance Roberts, Edward J. Valle, Trimaran Pollo Partners, LLC, Trimaran Capital Partners, and Freeman Spogli & Co. The two lawsuits were consolidated on January 29, 2016. The claims alleged violations of federal securities laws in connection with the sale of EPLH common stock and options rights, between May 1, 2015 and August 13, 2015 (the "**Class Period**"). Plaintiffs alleged that in 2014 and early 2015, EPLH suffered losses due to rising labor costs in California and, in an attempt to mitigate these rising costs, removed a \$5 value option from the menu, of Franchisor Restaurants, negatively affecting sales to value-conscious customers. The complaint also alleged that during the Class Period, defendants made materially false and misleading statements that concealed the negative effect of these actions on store sales causing EPLH stock to be traded at artificially-inflated prices and damaging putative class members who bought EPLH stock or option rights during the Class Period. The complaint sought unspecified damages, costs and attorneys' fees. Following class certification on July 3, 2018, defendants agreed to settle the case by paying plaintiffs \$20 Million. On June 23, 2020 an order granting distribution of funds was issued.

5. El Pollo Loco, Inc. v. EPL 3766, Inc., San Bernardino Superior Court (Case No. CIVD1S608941) (the "**San Bernardino Lawsuit**"). On June 7, 2016, we filed this action against EPL 3766, Inc. ("**EPL 3766**"), the franchisee owned by the Bryman plaintiffs in the previously-disclosed Lancaster Lawsuit, for claim for breach of contract arising out of EPL 3766's solicitation and hiring of a general manager at a Franchisor Restaurant in Lancaster, California without paying us liquidated damages as required by the franchise agreement. The parties settled this action on March 30, 2017: (i) we agreed to dismiss the San Bernardino Lawsuit, without prejudice; (ii) the Brymans plaintiffs withdrew a motion to amend their complaint at the time in the Lancaster Lawsuit; (iii) we agreed not to enforce "any no-hire/non solicitation clause" against the Brymans or EPL 3766; and (iv)

we agreed to withdraw our affirmative defense in the Lancaster Lawsuit related to the no-hire/non solicitation clause in the renewal franchise agreement. Neither party paid any money to the other as part of this settlement. The court dismissed the San Bernardino Lawsuit on April 6, 2017 with prejudice.

6. El Pollo Loco, Inc. v. MIK Food, Inc., et al. (United States District Court, Central District of California, Case No. 8:21-cv-01676-DOC). On October 8, 2021, we initiated a lawsuit against MIK Food, Inc. and its owners, Imtiaz Malik and Sarfraz Tahir Malik, for their unauthorized use of the El Pollo Loco name, marks and system at their restaurant in Santa Barbara, California following the expiration of their Franchise Agreement. Our Complaint asserted claims for (i) breach of contract, (ii) service mark infringement, (iii) false designation of origin, (iv) common law trademark infringement, (v) unfair business practices, and (vi) unjust enrichment. On October 14, 2021, we secured a temporary restraining order enjoining MIK Food, Inc., its owners and agents from using any of our marks or intellectual property. On November 1, 2021, the temporary restraining order was converted into a preliminary injunction, and further enjoined MIK Food, Inc., its owners and agents from “representing to the public, in any way, that [their restaurant] is an authorized El Pollo Loco Restaurant or franchise,” and from using our trade secrets or other proprietary information. On December 21, 2021, the court approved of the parties’ stipulated judgment and permanent injunction that (i) identified us as the prevailing party in the action, (ii) permanently enjoined MIK Food, Inc., its owners and agents from using or displaying, in any manner, the El Pollo Loco name, marks, trade secrets or other intellectual property, and (iii) entitled us to an award of our reasonable attorney fees and costs from MIK Food, Inc. and its owners. On February 18, 2022, the court awarded us our attorney fees and costs.

Other than these actions, no litigation is required to be disclosed in this Item.

#### **ITEM 4: BANKRUPTCY**

Roadhouse Holding, Inc., with a principal office located at 3011 Armory Drive, Suite 300, Nashville, Tennessee, filed a Chapter 11 petition as a debtor with the U.S. Bankruptcy Court for the District of Delaware, in Wilmington, Delaware on August 8, 2016, Case No. 16-11819 (BLS). Samuel Borgese, a member of our Board of Directors, was the Chief Executive Officer of Roadhouse Holding, Inc. from October 1, 2014 to August 1, 2016. Roadhouse Holding, Inc. emerged from bankruptcy on December 1, 2016.

Other than the bankruptcy filings listed above, no bankruptcy is required to be disclosed in this Item.

## ITEM 5: INITIAL FEES

The initial franchise fee for each Restaurant is \$40,000 (the “**Initial Fee**”). You must pay us the Initial Fee and sign and return the Franchise Agreement to us within 30 days after we send the execution copy of the Franchise Agreement to you. This fee is uniform for all franchises presently being offered (except those developed under a multi-unit Development Agreement and as described at the end of this Item). The Initial Fee is not refundable, in whole or in part, under any circumstances.

If you sign a Development Agreement, you must pay a development fee (the “**Development Fee**”) of \$20,000 for each EPL Restaurant to be developed under the Development Agreement. The Development Fee is payable upon signing the Development Agreement. The Development Fee is uniform for all franchises presently being offered pursuant to a Development Agreement, except as described at the end of this Item. The Development Fee is not refundable, in whole or in part, under any circumstances. The \$20,000 Development Fee for each EPL Restaurant to be developed will be applied to the Initial Fee payable under each Franchise Agreement you enter into under the Development Agreement. No portion of the Development Fee is applied towards the Initial Fee for a Turnkey Restaurant. As a benefit of signing the Development Agreement, the Initial Fee for the second and each subsequent Restaurant developed under the same Development Agreement will be reduced by us to \$30,000. As an example, the Initial Fee for the first Restaurant developed under a Development Agreement would be \$40,000 to which \$20,000 from the Development Fee will be credited. The Initial Fee for the second and remaining Restaurants developed under the same Development Agreement would be \$30,000, to which \$20,000 from the Development Fee will be credited. If the Development Agreement is terminated, the Development Fee, including any portions of the Development Fee not already applied to the Initial Fee due under a Franchise Agreement, is non-refundable in consideration of the rights granted to you in the Territory up to the time of termination.

You will be required to purchase from us a computer-based cash control system and Restaurant management or “point of sale system” from us to use in the Restaurant prior to opening. The cost will range from \$15,000 to \$60,000. Every Restaurant has different configurations, so your needs and actual cost may vary. Your payments for these items are non-refundable, in whole or in part, under any circumstances.

You will be required to purchase from us a Digital Communication Board, an Android tablet, an IP Controllable AC Power Unit and a wall mount for use in the Restaurant. The cost will range from \$1,500 to \$2,500. Your payment for this item is non-refundable, in whole or in part, under any circumstances.

If the Restaurant is your or your affiliate’s *first* Restaurant, we will assist you in the initial opening of the Restaurant defined as “**New Restaurant Opening Support**” or “**NRO Support**” for 2 weeks prior to the Restaurant opening and 2 weeks after the Restaurant opens, by sending certain members of Franchisor’s personnel to the Restaurant to assist in the scheduled opening of the Restaurant. You will be required to pay us \$30,000 for

New Restaurant Opening Support. Your payment for this support is non-refundable, in whole or in part, under any circumstances. “**Affiliate**” is defined as any person or legal entity that directly or indirectly controls, is controlled by, or is under common control with the specified person or legal entity.

If you franchise a Turnkey Restaurant, we will provide you with an operating EPL Restaurant and you must pay us for our interests in the restaurant under a Purchase Agreement in substantially the form attached hereto as Exhibit D. The interests that you acquire include the equipment, furniture, furnishings, signs (including traditional or digital menu boards), small wares, trade fixtures and other fixed assets, the existing inventory of food, beverages, cleaning and operating supplies and intangible business value. We will also sell, lease or sublease to you the real estate and improvements on which the Turnkey restaurant is located. We set the purchase price, as is our sole and absolute right, and it varies depending upon factors such as location and sales volume of the restaurant and the quality and market value of the equipment and the real property interest. (See Item 7.) We will not obtain an independent appraisal for the purchase price, and you are encouraged to independently evaluate the purchase price we set before signing the Purchase Agreement and Franchise Agreement. Payment of the purchase price will be due in cash upon the date you assume operation of the Restaurant. In addition to the purchase price, you must pay the Initial Fee of \$40,000.

Notwithstanding anything to the contrary herein, your Initial Fee or Development Fee could be lower or higher than the amounts stated above, as determined as our sole and absolute right in certain circumstances, including, but not limited to, the following: (i) in our opinion, if the costs of your Restaurant, if located in a non-traditional location, are substantially different than at a traditional location; (ii) your Restaurant will be located in a market that is new to our brand; (iii) we offer you a financial incentive program that defers the Initial Fee or Development Fee and fully forgives it when you comply with the requirements of that program; (iv) in limited circumstances if you purchase a Turnkey Restaurant or a Turnkey Franchised Restaurant; (v) size of your territory; or (vi) your experience in the restaurant business.

We may offer in certain circumstances to qualified developers reduced royalties and advertising fees, as determined as our sole and absolute discretion, including, but not limited to, the above listed circumstances, including, but not limited to, the following: (i) in our opinion, if the costs of your Restaurant, if located in a non-traditional location, are substantially different than at a traditional location; (ii) your Restaurant will be located in a market that is new to our brand; (iii) we offer you a financial incentive program and you comply with the requirements of that program; (iv) in limited circumstances if you purchase a Turnkey Restaurant or a Turnkey Franchised Restaurant; (v) size of your territory; or (vi) your experience in the restaurant business.

## ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty (See Notes 1, 2 & 3).	5% of monthly Net Sales for all products sold at the Restaurant.	On the 10 <sup>th</sup> day after the end of each sales month.	Net Sales is defined in Note 2 below; see also Note 3 for possible reductions or increases in Royalty.
Advertising Fee (See Notes 1, 2, 3 & 4).	5% of monthly Net Sales (or 4% of monthly Net Sales for Los Angeles ("LA") DMA, as defined by Nielsen Media Research, Inc. per the US Cities by Designated Market Areas Report).	Same as Royalty.	See Note 4 for possible increases in the LA DMA Advertising Fee.
Market Study and/or Impact Analysis (see Note 5).	\$5,000 - \$12,000 (each).	As incurred.	See Note 5.
Testing (See Note 1).	\$500 - \$5,000.	Within 7 days of receipt of bill.	Only applies to products not on our approved list.
Audit (See Notes 1 & 2).	Cost of audit, which will not exceed \$30,000 per audit assuming you have maintained adequate books and records.	Within 7 days of receipt of bill.	Payable only if you fail to furnish required information or if understatement of Net Sales greater than 2%.
Insurance (See Notes 1 & 6).	Actual Cost.	Within 7 days of receipt of bill.	If you fail to maintain required insurance coverage, we may obtain this coverage at your expense.

Type of Fee	Amount	Due Date	Remarks
Training Fees (See Notes 1 & 7).	Training at a Certified Training Restaurant: \$2,000 per additional or replacement Manager (see Note 7 for Manager definition) who attends EPL Management Training Program; additional or replacement Designated Operator who attends the Designated Operator Training Program; and additional Franchisee principals who attend the Executive Franchisee Training Program. This fee only applies in certain situations as described under Note 7. Ongoing Training at your Restaurant: General Manager Training Materials \$80 and Assistant Manager and Shift Leader Training Materials \$60.	Upon receipt of invoice.	See Note 7.
Reimbursement for taxes, products, services, and other payments (See Notes 1 & 6).	Actual Cost.	Within 7 days of receipt of bill.	You must reimburse us for purchases or payments we make on your behalf.
Correction of Deficiency or Unsatisfactory Condition (See Notes 1 & 6).	Actual Cost.	Within 7 days of receipt of bill.	If you fail to correct a deficiency, we may do so on your behalf and at your expense and you will be required to reimburse us for the amounts we spend on your behalf.
Inspection and Coaching Assessments available due to Failure to Pass Inspection (See Notes 1 & 6).	Actual Cost, which is expected to range between \$200 - \$400.	As Incurred.	See Note 6.
Late Charge (See Note 1).	The lesser of 15% per annum or the highest amount allowed by law, for delinquent payments.	On demand.	Payable only if any sums due us are not paid when due.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Fees to evaluate and approve alternate suppliers (See Note 1).	Our reasonable costs and expenses, which currently are expected to range between \$2,000 and \$3,500.	Within 7 days of receipt of bill.	We may impose reasonable inspection and supervision fees to cover our cost in evaluating and maintaining alternative brands or suppliers you propose.
Obsolete Inventory Fund (See Note 8).	Additional \$0.18 per case on vendor's invoice price of both whole birds and saddles.	As incurred.	See Note 8.
Costs and Attorneys' Fees (See Note 1).	Actual cost.	As incurred.	Payable if you fail to comply with Franchise Agreement and in certain instances to transfer of ownership interest reviews. See Note 10.
Rent (See Notes 1 & 9).	Varies depending on type of lease.	Monthly.	Applies if you lease your Restaurant's premises from us.

Type of Fee	Amount	Due Date	Remarks
<p>Assignment (See Notes 1 &amp; 10).</p>	<p>Transfer fee equal to 40% of the then-current Initial Fee for transfers to new franchisees ("<b>New Franchisee Transfer Administration Fee</b>") plus reimbursement of EPL's reasonable attorneys' fees; or transfer fee equal to 25% of the then-current Initial Fee for transfers to existing franchisees ("<b>Existing Franchisee Transfer Administration Fee</b>") plus reimbursement of EPL's reasonable attorneys' fees, or transfer fee equal to \$10,000 for transfers to new or existing EPL developers ("<b>Developer Transfer Administration Fee</b>") plus EPL's reasonable attorneys' fees.</p> <p>\$500 administrative fee for either: (i) a change of form of entity or entity name change, with no change in principals ("<b>Entity Administration Fee</b>") plus EPL's reasonable attorneys' fees, or (ii) a transfer of franchise ownership to a revocable family trust ("<b>Trust Transfer Administration Fee</b>") plus reimbursement of EPL's reasonable attorneys' fees.</p> <p>\$2,500 per new principal administrative fee for when Franchisee or Developer desires to add new principals to the Franchise, any Franchisee entity, Developer or any Developer entity ("<b>New Principal Administration Fee</b>") plus reimbursement of EPL's reasonable attorneys' fees.</p>	<p>New Franchisee Transfer Administration Fee and Existing Franchisee Transfer Administration Fee and Developer Transfer Administration Fee due before transfer or within 7 days of receipt of bill. Reimbursement of EPL's reasonable attorneys' fees to be fully paid the by earlier of (i) upon your signing of the assignment documentation or (ii) upon receipt of bill.</p> <p>Entity Administration Fee and Trust Transfer Administration Fee due with your transfer request. Reimbursement of EPL's reasonable attorneys' fees to be fully paid by the earlier of (i) upon your signing of the assignment documentation or (ii) upon receipt of bill.</p> <p>New Principal Administration Fee due with your request to add new principal(s). Reimbursement of EPL's reasonable attorneys' fees to be fully paid by the earlier of (i) upon your signing of the assignment documentation or (ii) upon receipt of bill.</p>	<p>See Note 10.</p>
<p>Computer systems maintenance and support (Notes 1 &amp; 11).</p>	<p>Will vary under the circumstances (See Note 11).</p>	<p>On the 10<sup>th</sup> day after the end of each sales month.</p>	<p>See Note 11.</p>

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Indemnification (See Note 1).	Actual Cost.	As incurred or notified.	You must defend and reimburse us, if we are named in any lawsuit, including, but not limited to, being held liable for claims, or damages, including attorney defense fees or costs, actual or alleged, arising from your Restaurant's operations, supply chain, occupancy or any negligence.
Intranet Fee (See Notes 1 & 12).	If Intranet is established, reasonable cost up to \$2,000 annually per Restaurant (max. increased by 3% per annum during term).	30 days after date we notify you of the annual intranet fee.	See Note 12.
Franchisee Page Fee (See Notes 1 & 13).	If Franchisee Page is established, reasonable cost up to \$1,000 annually per Restaurant (max. increased by 3% per annum during term).	30 days after date we notify you of the annual Franchisee Page fee.	See Note 13.
Remote Ordering (See Notes 2 & 14).	1.3% of Gross Sales per order, however this fee may increase to reflect increases in the third-party vendor's costs.	As incurred.	Must pay remote order fee. See Note 14.
Gift Cards (See Note 15).	Fees vary depending on fees charged by third party vendor.	As incurred.	See Note 15.
Customer Feedback Program (See Notes 1 & 16).	Varies.	Ongoing.	Must contribute pro-rata share of costs of any program implemented to measure customer satisfaction or feedback such as "Market Force", "Service Management Group", "Good Answer", Accuracy Guarantee Program, Social Media Monitoring, or other similar programs. See Note 16.

Type of Fee	Amount	Due Date	Remarks
Loyalty Program (“ <b>Loco Rewards</b> ”) (See Notes 2 & 17).	Delivery – 1.3% of Gross Sales per order plus \$0.50 per order. Pickup – 1.3% of Gross Sales per order.	As incurred.	Must pay the Loyalty Program fee. See Note 17.
Third-Party Delivery Program (See Notes 2 & 18).	<ul style="list-style-type: none"> <li>• Doordash : 20% of Gross Sales per order plus Olo 1.3% of Gross Sales per order;</li> <li>• Doordash Dashpass: 22% of Gross Sales per order plus Olo 1.3% of Gross Sales per order;</li> <li>• Postmates: 19% of Gross Sales per order plus Olo 1.3% of Gross Sales;</li> <li>• UberEATS: 21% of Gross Sale plus Olo 1.3% of Gross Sales per order;</li> <li>• Grubhub 15% plus Olo 1.3% of Gross Sales per order</li> <li>• UberOne: 24% of Gross Sales per order plus Olo 1.3% of Gross Sales per order; and</li> <li>• ezCater 17.75% plus Olo 1.3% of Gross Sales per order .</li> <li>• These fees may increase to reflect increases in the third-party vendor’s costs.</li> </ul>	As incurred.	Must pay the Loyalty Program fee, Third-Party Delivery Program fee. See Note 18.
Point-Of-Purchase Material Fees (“ <b>POP Fees</b> ”) (See Notes 18 & 19).	Fees vary depending on fees charged by third party vendor.	Monthly on the 10 <sup>th</sup> day after the Sales Month Closing, after the issuance of the Monthly Franchise POP Fees Statement.	See Notes 18 and 19.
Indoor Digital Menu Board – Dining Room (See Note 20).	Fees are \$19 per menu panel and the standard indoor digital menu board and preview board display consists of 4 menu panels however fees may vary depending on fees charged by the third-party vendor.	As incurred.	Must pay the digital menu board controller fees. See Note 20.
Kiosk (see Note 21)	Optional; Recurring Fees are currently \$1,450 per unit per year but may vary depending on fees charged by third party vendor.	Annually	See Note 21
Learning	Currently \$19 per month per	On the 10 <sup>th</sup> day after the	See Note 22

Type of Fee	Amount	Due Date	Remarks
Management System (See Note 22)	Restaurant	end of each sales month.	
Security Services (See Note 23).	Security tools and services are \$600 per year but may vary depending on fees charged by third party vendor.	As incurred .	See Note 23.
Successor Fees (See Note 24).	50% of EPL's then-current standard Initial Franchise Fees 50% pro-rated to the remaining (sub)lease term	At the time you sign your Successor Franchise Agreement, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon your signing of the Successor Franchise Agreement or (ii) upon receipt of bill.	See Note 24.

**Note 1:** All fees are imposed by and are payable to us. All fees are non-refundable.

**Note 2:** The term “**Gross Sales**” means your total revenues derived by you in and from the Restaurant from all sales of food, goods, wares, merchandise, including sales from vending machines, and all services made in, upon, or from the Restaurant whether for cash, check, credit or otherwise. There is no reserve or deduction for your inability or failure to collect revenue. Gross Sales include sales and services where the orders are received or billed at or from your Restaurant, but delivery or performance is at any other place, and any sums or receipts from the sale of meals to employees of your Restaurant. If we permit you to install a vending machine in your Restaurant, the total revenues from the vending machine will be included in Gross Sales. Gross Sales is calculated before any rebates, discounts, coupons or refunds to customers; any employee meal discounts; any Loyalty Reward points or discounts. Gross Sales do not include any sales taxes or other similar taxes that you collect from customers and pay to any federal, state or local taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “**Gross Sales**” as circumstances, business practices, and technology change.

The term “**Net Sales**” means your total revenues derived by you in and from the Restaurant from all sales of food, goods, wares, merchandise, including sales from vending machines, and all services made in, upon, or from the Restaurant whether for cash, check, credit or otherwise. There is no reserve or deduction for your inability or failure to collect revenue. Net Sales include sales and services where the orders are received or billed at or from your Restaurant, but delivery or performance is at any other place, and any sums or receipts from the sale of meals to employees of your Restaurant. If we permit you to install a vending machine in your Restaurant, the total revenues from the vending machine will be included in Net Sales. *Net Sales is calculated after any rebates, discounts, coupons or refunds to customers; any employee meal discounts; any Loco Rewards (as defined below) points or discounts.* Net Sales do not include any sales taxes or other similar taxes that you collect from customers and pay to any federal, state

or local taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “**Net Sales**” as circumstances, business practices, and technology change.

**Note 3:** The Royalty and Advertising Fee set forth in your Franchise Agreement may be lower or higher than 5%, as determined as our sole and absolute right in certain circumstances, including, but not limited to, the following: (i) in our opinion, if the costs for your Restaurant, if located in a non-traditional location, are substantially different than at a traditional location; (ii) your Restaurant will be located in a market that is new to our brand; (iii) we offer you a financial incentive program and you comply with the requirements of that program; or (iv) in limited circumstances, if you purchase a Turnkey Restaurant or a Turnkey Franchised Restaurant; or (v) your experience in the restaurant business.

**Note 4:** You will pay an Advertising Fee of 5% of your Restaurant’s Net Sales if your Restaurant is located outside of the LA DMA. If your Restaurant is located outside of the LA DMA, we may allocate a portion of your Advertising Fee, in the amount that we determine in our discretion to a Local Advertising Fund (“**LAF**”) and control all decisions regarding the use of the LAF. You will pay an Advertising Fee of 4% of your Restaurant’s Net Sales if your Restaurant is located within the LA DMA. The Advertising Fee for the Restaurants located within the LA DMA may be increased as is our sole and absolute right to determine, to not more than 1% above your original Advertising Fee during the Initial Term of your Franchise Agreement and upon 90 days written notice to you. Some existing franchisees may pay lower Advertising Fees. Restaurants owned and operated by us will contribute on the same basis as those existing franchisees within the same DMA. Those funds will be used as set forth in Item 11 below.

DMA means the designated market area in which your Restaurant is located as established periodically by Nielsen Media Research, or any other similar type of designation used by us to identify advertising market areas.

There may be franchisees in your DMA who are not required to contribute Advertising Fees or an Advertising Fee at the same percentage as you due to the fact that they are subject to an older version of a Franchise Agreement.

**Note 5:** We may require you to pay for the cost of a market study conducted by a third party for your site and the surrounding geographic area (“**Market Study**”). The Market Study will analyze traffic and other demographic information and may show the potential impact of your site on other Franchised Restaurants or Franchisor Restaurants surrounding or within the vicinity of your site.

**Note 6:** You must compensate and/or reimburse us for all fees, costs, or expenses related to use of internal and external resources, taxes and charges which we pay on your behalf to third parties or that we directly incur, including payments to taxing authorities, governmental agencies, suppliers, contractors and insurance carriers, for products, services, loss in sales or revenue, supplies, equipment, goods, materials or inventory where your Restaurant operations or nonpayment threatens health or public safety or materially adversely affects the ownership, condition or operation of your Restaurant or

adversely affect the El Pollo Loco brand or goodwill. While we have the sole and absolute right to make such payments as described above on your behalf, it is not our obligation. Our decision to make payments on your behalf is not in lieu of our right to terminate your Franchise Agreement.

In addition, if a deficiency or unsatisfactory condition is noted, you must pay for each subsequent inspection to determine if the deficiency or unsatisfactory condition has been cured and you must participate in and pay for a Coaching session as determined by us in our sole and absolute right in certain circumstances. The fee for each inspection and coaching session currently range from \$200 to \$400. These fees may increase depending on vendor price increases.

**Note 7:** Training at a designated Certified Training Restaurant (“CTR”): This fee applies to: (i) the fifth Manager and each additional Manager sent for the first, second or third Restaurant owned by you, (ii) each Manager trained for your fourth Restaurant and any additional Restaurants owned by you, and (iii) replacement or additional Designated Operator training, and (iv) training for new principals with an ownership interest added to the Franchise. “**Manager**” is defined as either a General Manager, Assistant Manager or Shift Leader.

On-Going Training at your Restaurant: Material Fees only apply if training takes place at your Restaurant rather than at our designated CTR. Initial training will not occur at your CTR.

Training Materials: General Manager Training Materials includes GM Guidebook; Assistant Manager Training Materials includes AM Guidebook and Shift Leader Training Materials include a Shift Leader Guidebook. Crew Training Materials for cashier, server assistant and grill master includes Crew Training Cards.

**Note 8:** You are required to contribute to the Obsolete Inventory Fund. These contributions are payable to the distributor at time of inventory purchase. The Obsolete Inventory Fund is calculated to generate approximately \$200,000 over a year’s time to be used to properly dispose of, liquidate, or to find alternative uses for obsolete inventory (that is, products or ingredients that have shown no usage for approximately 30 days or more due to such things as un-met sales projections, product discontinuance, or test items cancelled prior to roll out). The Obsolete Inventory Fund may also be used to expedite the delivery of products for situations in which sales exceed prior forecasts. The Obsolete Inventory Fund is held by the distributor and managed by us. Both Franchisor Restaurants and Franchised Restaurants contribute equally to the Obsolete Inventory Fund. We periodically review the added cost per case and determine whether to increase or decrease the cost per case. There is also the possibility of a one-time collection if necessary. Updates can be provided no more than quarterly to our Franchisees, including a summary of the funds accrued, a summary of the allocation of obsolete products, and a list of potential future obsolete items, upon written request from you to our Supply Chain Department.

**Note 9:** If we lease your Restaurant to you, you must execute a Sublease with us for your Restaurant’s building, parking lot and related premises and must pay us minimum

monthly rental payments. A copy of the form of Sublease is attached as Exhibit E to this Disclosure Document. Minimum rental payments may be increased under the terms of the Sublease and will vary from Restaurant to Restaurant depending on location and size. Minimum monthly rental payments may range from \$7,000 to \$25,000 or more, depending on the terms of your Sublease and the underlying Master Lease. You must pay a security deposit equal to the minimum monthly rent.

If you execute a Sublease for the Restaurant with us, you must pay us, as additional rent, all real property, business, occupation, personal property, sales, use, transfer and other taxes and assessments (i.e., Common Area Maintenance fees) levied against the premises. This amount will be paid monthly based upon the previous year's taxes and assessments, if applicable, and our estimate of the sum (amortized on a monthly basis) of these taxes and assessments due and payable by you during the applicable year. If the actual sum of taxes and assessments exceeds the estimated amount, you will pay us the excess. If the actual sum of taxes and assessments is less than the estimate, we will credit the shortage to your account for the following year.

**Note 10:** For transfers to new franchisees, the transfer fee is 40% of the then-current Initial Fee ("**New Franchisee Transfer Administration Fee**"). For transfers to existing franchisees, the Transfer Fee 25% of the then-current Initial Fee ("**Existing Franchisee Transfer Administration Fee**"). For transfers to new or existing EPL developers ("**Developer Transfer Administration Fee**") the transfer fee is \$10,000. The New Franchisee Transfer Administration Fee and Existing Franchisee Transfer Administration Fee and Developer Transfer Administration Fee are due before transfer or within 7 days of receipt of bill. You will be charged a minimum of \$500 administrative fee if you change your entity name or form an entity with no change to the principals of the business with our consent ("**Entity Administration Fee**"). You will be charged a minimum of \$500 administrative fee for a transfer of the franchise ownership to a revocable family trust in which you are the controlling trustee and your immediate family members are beneficiaries ("**Trust Transfer Administration Fee**"). You will be charged a minimum of \$2,500 per new principal administrative fee if you desire to add new principals to the Franchisee, Franchisee entity, Developer or Developer entity ("**New Principal Administration Fee**"). The Entity Administration Fee, Trust Transfer Administration Fee and New Principal Administration Fee are due with your transfer request. Additionally, you must reimburse EPL for all of its reasonable attorneys' fees in connection with the foregoing, to be fully paid by the earlier of (i) upon your signing of the assignment documentation or (ii) upon receipt of bill.

**Note 11:** You must obtain, install and use: the approved POS application which is currently the Micros Computer System; the approved credit processing solution which is currently Heartland Payment Network credit card processing services; an approved Android tablet which is currently a Samsung Galaxy Tab Active Pro (or more if needed) and an approved WIFI controller with 2 Access Points (or more if needed) which is currently Meraki. You must also subscribe to Mobile Device Management, Pollo Zone and Beyond (a software service that tracks inventory).

You are required, at your expense, to utilize the services of the EPL I.T. Department to provide "help desk" support to your POS and back of house computer systems. You will

be required to enter into an El Pollo Loco® IT Support Services Agreement (a “**Support Agreement**”) for the Oracle Micros Computer System, in connection with your purchase of the Oracle Micros Computer System (“**Micros**”) as defined in Item 11. The Support Agreement is attached to the Franchise Agreement as Exhibit 7. The Support Agreement currently provides one level of monthly service, Platinum. The Platinum service monthly fees per Restaurant will be \$915.25 for Platinum service which includes software support for approved hardware. This fee may increase depending on vendor price increases. The PCI firewall scan is a pass-through fee, it may increase depending on vendor price increases. If any remediation is required in order for you to become PCI compliant, the approved third-party vendor will work directly with you to resolve any outstanding issues and additional fees may apply. There will also be an annual fee of up to \$2,700.00 for Oracle Micros POS Software Support which is required to be able to receive Micros software updates.

**Note 12:** If we establish an Intranet, we may require you to contribute a reasonable maintenance fee of up to \$2,000 per year per Restaurant (which maximum will be increased by 3% per year for each year of the term of your Franchise Agreement).

**Note 13:** If we establish a Franchisee Page, we may require you to contribute a reasonable fee of up to \$1,000 per year per Restaurant (which maximum will increase by 3% per year for each year of the term of your Franchise Agreement).

**Note 14:** Remote Ordering Program. We have a remote ordering system through Mobo Systems (“**Olo**”), a third-party vendor, that operates over the internet and/or with Micros (“**Remote Ordering Program**”). Olo currently charges 1.3% of Gross Sales if a customer places an order through remote ordering and your Restaurant fulfills the order by being geographically the closest or is the EPL Restaurant the customer requests. Olo may increase this charge to reflect increases in its costs. Currently, these fees are paid directly to Olo.

**Note 15:** Gift Card Discount Fees. All gift cards sold through a third-party vendor will have the discount fee associated with that sale, charged to the Restaurant that redeemed those gift cards and earned the sales revenue.

**Note 16:** We may publish or disclose to other franchisees any information that is collected, produced or maintained under any “customer satisfaction or feedback” program in any manner or form we deem appropriate. We also reserve the right to publish or disclose to third parties in an aggregate anonymous format any information that we collect, produce or maintain in connection with any such “customer satisfaction or feedback” programs.

**Note 17:** Loyalty Program. We developed a Loyalty Program (“**Loco Rewards**”) using Punchh, which is currently paid for by the Advertising Fund. Dispatch orders that originate from elpollo loco.com or the El Pollo Loco mobile application will incur an additional \$0.50 fee per order and is payable to EPL. Currently, the remaining fees are payable to Olo.

**Note 18:** Third-Party Delivery Program. A Third-Party Delivery Program (Dispatch/Rails) is offered at locations where the service is available through Olo, our remote ordering

partner and serviced by approved third party delivery providers such as Doordash, UberEATS, Grubhub, Postmates and ezCater. Rails' orders originating from a third-party provider will incur a cost of an additional 15% - 23% of Gross Sales order amount. You will contribute your share of costs if a customer places an order for your Restaurant using any of these delivery programs. Currently, these fees are paid directly to Olo.

**Note 19:** POP Fees. We will provide you with Point-of Purchase ("**POP**") materials, such as banners, clings, traditional menu panels, countertop merchandising including other in-Restaurant and drive-thru merchandising, etc., collectively referred to herein as "**POP Materials**", at no more than cost (to include any related administrative, shipping, handling and storage charges). Additional POP Materials may also be ordered by you for no more than cost (to include any related administrative, shipping, handling and storage charges).

**Note 20:** The standard mandatory indoor digital menu and preview board configuration will consist of 4 panels. This requires a monthly \$14 per panel, hardware license fee. There is an additional monthly fee of \$5 per panel for content management with a \$15 minimum per Restaurant.

**Note 21:** Kiosk solution is integrated with Oracle Micros POS System which will allow customers to order from Kiosk(s) in your Restaurant. Kiosk hardware price range of \$4,500 per Kiosk with optional cash and coin recycler support for \$12,000 per unit. A standard Kiosk installation includes two (2) Kiosks and one (1) optional cash recycler for an estimated total of \$25,000. The software fees to maintain the Kiosk application are currently \$120 per month per location.

**Note 22:** This is a subscription fee to support an EPL learning management system, Pollo Zone.

**Note 23:** We require a minimum set of security tools and services to protect against and mitigate potential cybersecurity threats. These tools and services include endpoint protection applications and a 24/7 Security Operations Center (SOC) which monitors our system for potential threats. The current fees for security services and application are \$50 per month but are subject to change based on changes to our security stack or service providers.

**Note 24:** If you exercise a renewal and have met all the renewal criteria under your existing franchise agreement, you will pay EPL the renewal fee specified in that existing franchise agreement. Additionally, you must reimburse EPL for all of its reasonable attorneys' fees in connection with the foregoing, to be fully paid by the earlier of (i) upon your signing of the successor franchise agreement or (ii) upon receipt of bill. You will sign the then-current (successor) franchise agreement which maybe material different to your existing franchise agreement, as well as an Amendment to the (successor) franchise agreement ("**SFA Amendment**"). The SFA Amendment (Exhibit 11 to the Franchise Agreement) will modify some provisions of the (successor) franchise agreement to reflect your status as an existing franchisee.

There are no advertising or purchasing cooperatives with the power to increase fees for EPL franchisees.

## ITEM 7: ESTIMATED INITIAL INVESTMENT

### Your Estimated Initial Investment – Franchise Agreement

Type of Expenditure (See Note 1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Minimum	Maximum			
Initial Fee (See Notes 2 & 3)	\$40,000	\$40,000	See Note 3	See Note 3	Us
Lease Payment (See Note 4)	\$7,000	\$25,000	See Note 4	See Note 4	See Note 4
Building Improvements (See Note 4)	\$248,250	\$980,000	See Note 4	See Note 4	See Note 4
Site Improvements (See Note 4)	\$150,000	\$564,000	See Note 4	See Note 4	See Note 4
Market Study and/or Impact Analysis (see Note 5).	\$0	\$12,000	As incurred		
Architectural Design & Engineering	\$20,000	\$110,000	As required	As required	Architect
Equipment, Fixtures and Furnishings (See Note 6)	\$200,000	\$570,000	As required	As required	Contractor, Suppliers
Computer-based cash control system and Restaurant management or "point of sale system" (See Note 7)	\$15,000	\$60,000	As required	Within 7 days of receipt of bill	Suppliers / Us
Training required for computer-based cash control system and Restaurant management or "point of sale system" (see Note 8)	\$1,000	\$7,000	As incurred	As incurred	Us
Travel & Accommodation Expenses (See Note 8)	\$2,000	\$25,000	As incurred	As incurred	Suppliers
Opening Inventory and Supplies (See Note 9)	\$20,000	\$25,000	Lump Sum	As required	Suppliers
Signs (including Indoor Digital Menu Boards) (See Note	\$30,000	\$70,000	As required	As required	Suppliers

Type of Expenditure (See Note 1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Minimum	Maximum			
10)					
Digital Communication Board (See Note 11)	\$1,500	\$2,500	As required	Within 7 days of receipt of bill	Us
Lease Security Deposits	\$5,000	\$10,000	As required	As required	Lessor, Utilities
Insurance (See Note 12)	\$10,000	\$20,000	As required	As required	Insurer and/or Insurance Broker
Grand Opening Fee (See Note 13)	\$5,000	\$5,000	See Note 13	See Note 13	Approved Marketing Vendors
New Restaurant Opening Support (See Note 14)	\$0	\$30,000	See Note 14	See Note 14	Us
Additional Funds – 3 months (See Notes 15 & 16)	\$25,000	\$100,000	As incurred	As incurred	Employees, Suppliers, Utilities
<b>Total Estimated Initial Investment</b>	<b>\$779,750</b>	<b>\$2,655,500</b>			

**Note 1:** With the exception of the security deposits, none of these fees or expenses are refundable.

**Note 2:** See the Development Agreement chart below for a discussion of investments related to the Development Agreement.

**Note 3:** You must pay the Initial Fee to us within 30 days after we send execution copies of the Franchise Agreement to you. As our sole and absolute right, you may be offered an initial term less than 20 years and as such, the Initial Fee will be appropriately pro-rated. As described in **Item 5** above, the Initial Fee also could be lower or higher than the amount referred to in the chart above.

**Note 4:** In a typical ground lease, payment of the first month's lease payment is due upon the execution of the lease. The monthly lease payment shown is calculated on a 20-year ground lease. The monthly lease payment does not include any additional amounts that you may encounter such as broker fees, percentage rent, utilities, common area maintenance, security deposits, etc. Broker fees are estimated to be 3% to 5% of the lease value.

In the event of a land purchase, the cost per square foot for purchasing unimproved property varies considerably depending upon location and market conditions affecting commercial property. This estimate does not address land purchase.

The conversion of existing, non-EPL restaurants may also be considered for

development. Costs related to this type of project vary significantly and cannot be estimated at this time.

Permit fees, development fees, utility fees, environmental investigation and remediation costs and fees, impact fees, regulating agency fees, and other site-specific costs and fees vary significantly, and therefore cannot be estimated at this time. Actual development costs may vary due to geographic differences, economic conditions, building type and size, and local, state and Federal requirements. The typical size of an in-line EPL Restaurant without a drive-thru is approximately 1,800 to 2,000 square feet and the typical size of an EPL Restaurant with a drive-thru is approximately 1,900 to 2,800 square feet. The number of customer seats that your Restaurant may hold will depend on various factors, including the size of your Restaurant. See chart below for estimated seating capacity for certain EPL restaurant prototypes:

Sq. Feet	Drive-Thru?	Typical Number of Seats
2,600	Yes	30-40
2,100	Yes	22-30
1,900	Yes	20-28

Under some circumstances we may grant certain franchisees the right to operate an EPL Restaurant in a food court or similar non-traditional environment. Real estate and improvement costs vary considerably and we are not able to calculate reliable estimates of either required square footage or the costs of real estate and improvements under these circumstances.

**Note 5:** As a condition to reviewing your proposed site and/or to determine the impact your proposed site may have on other existing franchise Restaurants in the vicinity of your proposed site, we may require you to pay for the cost of a market study conducted by a third party for your proposed site and the surrounding geographic area (“**Market Study**”). The Market Study will analyze traffic and other demographic information and may show the potential impact of the proposed site on other Franchised Restaurants or Franchisor Restaurants surrounding or within the vicinity of the proposed site.

**Note 6:** The costs for equipment and fixtures vary on the building type selected. The figures shown may require adjustment depending on site-specific conditions such as taxes, permit fees, logistics, shipping, delivery, installation, etc., all of which may vary with restaurant location and local requirements.

**Note 7:** We will require you, at your expense, to purchase and use in the Restaurant a Computer System. (Alternatively, we may require you to purchase alternate restaurant computer hardware and software specified by us.) For the Oracle Micros POS System, the system will be designed and installed by our I.T. Department and turned over to you and you will be required to participate in our in-store training program, which is approximately 1 to 7 days on site at your Restaurant. The fee for such training is calculated on a standard daily rate of up to \$1,000 per day for each day of training required; however, this fee may be volume discounted depending upon the training required (e.g., the number and location of your Restaurants, distance travelled, and cost

related to travel for trainers, etc.). EPL, or a designated representative specified by us will provide the in-store training for 3 days prior to your Grand Opening and for 4 days after Grand Opening for a total of 7 days. EPL, or our designated representative, may perform computer-related services for you other than those listed on the IT Standard Service Descriptions or IT Operations Support attached as Exhibit 7 to the Franchise Agreement (Exhibit C to this Disclosure Document) for which there may be an additional charge.

**Note 8:** Expenses will vary due to the length of training time for each training program. You will also be responsible for any and all of your employee's costs for compensation, wages (including compensation of and worker's compensation insurance), lodging, living expenses, travel expenses or any other expenses incurred during the training (collectively, "**Additional Employee Costs During Training**") of your General Manager(s), Assistant Manager(s) and Shift Leader(s) (collectively referred to as "**Managers**", individually referred to as "**Manager**"), Designated Operator and you, during training. Since the Additional Employee Costs During Training are under your control and you will determine how much is paid for those expenses, we are only able to provide you with an estimate of the travel & accommodation expenses that will be incurred during training.

We will charge you a fee of \$2,000 per Manager for each additional Manager trained at a designated CTR. This fee applies to the fifth Manager and each additional Manager sent for your first, second and third Restaurants and also for each additional Manager trained for your fourth Restaurant and any additional Restaurants also owned by you. If training takes place at your CTR rather than at a designated CTR, then training materials are available for a charge of \$80 per General Manager, \$60 per Assistant Manager and \$60 per Shift Leader. Initial training will not take place at your CTR.

For Pollo Zone (an electronic learning management solution), you will need to install WIFI with 2 Access Points (or more as needed) in your Restaurant, sign up for Mobile Device Management, purchase at least a 10" Android tablet (or more as needed) and subscribe to Pollo Zone.

**Note 9:** Includes small wares, non-ingredients, uniforms and initial food inventory.

**Note 10:** In addition to installing the signs prescribed by us, we will require you, at your expense, to purchase and use in the Restaurant, an Indoor Digital Menu and Preview Board consisting of 4 NEC or Samsung 50" or 65" Panels (depending on your Restaurant configuration) with either a wall or pole mount.

**Note 11:** We will require you, at your expense, to purchase and use in the Restaurant a Digital Communication Board consisting of an 750mm x 4,750mm display panel, a 32" Android tablet, an IP Controllable AC Power Unit, an electrical outlet, if needed and a wall mount.

**Note 12:** Insurance cost varies based on various factors, including you or your franchise entity, location, loss history, among other variables. The insurance requirements set forth

herein are the minimum requirements. You should consult your broker for additional coverage options, such as Food Borne Illness/Product Recall.

**Note 13:** We will require you, at your expense and only with our prior written approval, to spend \$5,000 in approved local store marketing (such as approved exterior décor, approved take-home/catering menus for local store marketing and other approved local store costs for supplies and advertising for the 15 days prior to the Opening Date of your Restaurant and 45 days following the Opening Date of your Restaurant) which you prepare and submit to us for approval at least 30 days prior to the anticipated Opening Date of your Restaurant. You must submit to us not later than 15 days following the conclusion of your Grand Opening, written receipts and other evidence reasonably satisfactory to us showing all amounts that you spent to hold your Grand Opening promotion.

**Note 14:** If the Restaurant is your or your affiliate's *first* Restaurant, we will assist you in the initial opening of the Restaurant defined as "**New Restaurant Opening Support**" or "**NRO Support**", beyond the Initial Training Programs by sending certain members of Franchisor's personnel to the Restaurant to assist in the scheduled opening of the Restaurant.

**Note 15:** You will need capital to support on-going expenses, such as payroll, inventory, supplies, utilities, and other operating expenses to the extent that these costs are not covered by sales revenue. New businesses typically generate a negative cash flow, and we estimate that the disclosed amount will be sufficient to cover on-going expenses for your first three months of operating your Restaurant. This is, however, only an estimate and there is no assurance that additional working capital will not be necessary during or after this start-up phase. Your actual costs will depend on factors including your management skill, experience and business acumen, local competition and economic conditions, the local market for your Restaurant, the prevailing wage rate, and the sales level reached during the start-up phase. This also includes an amount to pay employees' salaries and travel and lodging expenses for your employees who attend our initial training. We have not included in this estimate the potential costs for a Market Study, as described in **Item 6**, which costs are not always incurred by a franchisee.

**Note 16:** We relied upon our experience in the restaurant business to compile these estimates. You should review these figures carefully with a business advisor, accountant or attorney before making a decision to purchase an EPL franchise.

If you purchase a Turnkey Restaurant or a Turnkey Franchised Restaurant, you may, depending upon the particular circumstances, make a greater investment than shown in the above table. The price for a Turnkey Restaurant will be mutually agreed to by you and us and set forth in the Purchase Agreement (Exhibit D). The price for a Turnkey Franchised Restaurant will be agreed upon between you and the applicable franchisee.

## Your Estimated Initial Investment – Development Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (See Note 1)	\$20,000 per Restaurant to be developed	As required	Upon signature of Development Agreement	Us
Additional Funds (See Note 2)	See Note 2	As incurred	As incurred	See Note 2

**Note 1:** If you sign a Development Agreement, you must pay a Development Fee of \$20,000 for each Restaurant to be developed under the Development Agreement. This Development Fee is payable upon signing the Development Agreement. This Development Fee is uniform for all franchises presently being offered pursuant to a Development Agreement and is not refundable, in whole or in part, under any circumstances. The \$20,000 Development Fee for each EPL Restaurant to be developed will be applied to the first payment on the Initial Fee payable under each Franchise Agreement you enter into under the Development Agreement. No portion of the Development Fee is applied towards the Initial Fee for a Turnkey Restaurant. The Initial Fee for the first Restaurant developed under a multi-unit Development Agreement is \$40,000, and for each subsequent Restaurant developed under the same Development Agreement afterward, the Initial Fee is \$30,000 (to which \$20,000 from the Development Fee will be applied). As described in Item 5 above, the Initial Fee and Development Fee could be lower or higher than the amounts referred to above. In certain circumstances, your Development Fee could be lower or higher than the amounts stated above, as determined as our sole and absolute right in certain circumstances, including, but not limited to, the following: (i) in our opinion, if the costs of your Restaurant, if located in a non-traditional location, are substantially different than at a traditional location; (ii) your Restaurant will be located in a market that is new to our brand; (iii) we offer you a financial incentive program that defers the Development Fee and fully forgives it when you comply with the requirements of that program; (iv) in limited circumstances if you purchase a Turnkey Restaurant or a Turnkey Franchised Restaurant; (v) size of your territory; or (vi) your experience in the restaurant business.

**Note 2:** You will also need additional funds for working capital to pursue your development obligations. We are unable to estimate the extent of your working capital needs, which will depend in large part on the number of EPL Restaurants you must develop. Our current estimate of the initial investment required for each Restaurant you open is described above. The costs for a Market Study, as described in Item 6 above, are not always incurred by a franchisee.

## **ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.**

To ensure that the highest degree of quality and service is maintained, you must operate your Restaurant in strict conformity with our methods, standards and specifications and you must purchase goods, services, supplies, fixtures, equipment, POS hardware and software, signs (including traditional or digital menu boards), and inventory only from approved suppliers. We estimate that substantially all of your expenditures for leases and purchases of real property, goods and services in establishing and operating your Restaurant will be subject to our specifications and standards. However, with the exception of our proprietary chicken marinade and creamy cilantro dressing, which must be purchased from our approved suppliers, McLane Foodservice, Inc. and US Foods (as discussed below), you are not required to purchase or lease anything from us or any of our affiliates.

Presently, neither we nor any of our affiliates is a direct supplier of any inventory, goods, supplies, fixtures, or equipment used in the operation of your Restaurant. We have no officers or affiliates that have any ownership or financial interest in any currently approved supplier.

We do not presently receive any revenue from third party suppliers as a result of your required purchases or leases, except for marketing funds received from beverage suppliers (as described below). As discussed below, we will also derive income if you lease the Restaurant premises from us. In addition, approved suppliers to the System are expected to make annual contributions to help defray the expenses associated with the System's annual franchisee convention.

### Lease/Purchase of Premises

You must use only approved qualified real estate professionals (including licensed brokers) to locate proposed sites for your Restaurant. You must submit a proposed site for your Restaurant to our Real Estate Site Approval Committee ("**RESAC**"), together with such site information as may be reasonably required by us to evaluate the proposed site. We may send a representative to evaluate the proposed site for the Restaurant and will evaluate all submitted information and promptly notify you of the approval or disapproval of your site submission. We may require, as a condition to our approval of a site, a Market Study, prepared by a third party, which will analyze traffic and other demographic information, and the potential impact of the proposed site on other EPL Restaurants surrounding or within the vicinity of the proposed site, all in such format as we may require. The Market Study will be prepared at your expense. Site approval does not, however, assure that a Franchise Agreement will be executed. Execution of the Franchise Agreement is contingent upon your purchase or lease of the proposed site.

You must submit your fully-negotiated lease to us for approval prior to its execution by you. The lease may not contain a non-competition covenant which restricts us or any of our franchisees, including yourself, from operating an EPL Restaurant or any other retail restaurant within a specified distance of your Restaurant, unless such covenant is

approved by us in writing prior to the signing of the lease, which approval may be withheld as our sole and absolute right.

Any lease for the premises must contain the following terms and conditions:

- a) The tenant entity on the lease must match the franchise entity on the franchise agreement; and
- b) The term (with renewal options) of the lease must match at least the initial term of the franchise agreement; and
- c) The landlord consents to your use of the premises as an El Pollo Loco® Restaurant which will be open during the required days and hours set out in the Operations Manual.

You are responsible for seeking independent legal advice regarding the terms and conditions of your lease. We do not negotiate leases on behalf of franchisees. A copy of the final unexecuted lease must be provided to us for our review for compliance with the above-listed items (a) through (c).

Upon execution, and before commencement of construction of your Restaurant, and by the applicable dates set forth in your Development Agreement (if applicable), you must promptly give us a copy of your executed lease (or, prior to recordation, the deed) for your approved Restaurant site ("**Premises**"). Under no circumstances may you commence construction on the site or open your Restaurant before you have (1) provided an executed lease containing the above items (a) through (c) or copy of your grant deed (for purchased sites); (2) executed the Franchise Agreement; (3) paid the Initial Fee and any other required fees; and (4) provided a copy of the signed written waiver noted above from the existing franchisees (who are within a certain radius of your proposed site), if such a waiver has been obtained. Restaurant Opening is also contingent upon receiving a "**Franchise New Store Opening Checklist and Approval**" from us.

You must only employ those architectural firms, building contractors and other real estate development professionals who have been approved by us. You must meet the timeframes set forth in your Franchise Agreement and in your Development Agreement for the construction and opening of your Restaurant(s).

#### Purchase of Equipment, Furniture, Fixtures and Signs (including traditional or digital menu boards)

You must purchase equipment, furnishings, fixtures, and signs (including traditional or digital menu boards) for your Restaurant. You must use only types or brands of fixtures, furniture, equipment, signs, and supplies that we have approved as meeting our specifications and standards. You must purchase or lease approved types, brands, or models of fixtures, furniture, equipment, signs, and supplies only from approved suppliers and install them in strict accordance with the specifications given to you by us from time to time.

If you want to purchase fixtures, furniture, equipment, signs, or supplies of a type, brand or model, or from a supplier that we have not approved, you must notify us and submit to us information as we request. Upon completion of our review of this information (which will take 90-180 days), we will notify you whether you are authorized to purchase the item(s) from that supplier for your Restaurant. As described in Item 6 above, you will be required to reimburse us for our reasonable costs and expenses in connection with the evaluation. You must also reimburse us for amounts paid to independent laboratories or consultants chosen by us, as our sole and absolute right to assist in the evaluation. Except as stated below, we do not make available our criteria for approval of these suppliers. Revocation of our approval of a supplier, product or service is our sole and absolute right to determine.

### Food Products, Beverages, Supplies, and Materials

The reputation and goodwill of EPL Restaurants are based on, and can only be maintained by, the sale of distinctive high-quality products and services. Accordingly, you must conform to our specifications and quality standards and only purchase from approved suppliers and distributors for food products, beverages, supplies, and materials.

We have compiled a list of approved suppliers who provide products that comply with our specifications. Specifications may include minimum standards for the quality of food products and other restrictions. You may purchase or lease from any approved supplier. You may submit to us a written request for approval of an alternative supplier. Among other things, we consider various general criteria in approving proposed suppliers, including whether: (1) the supplier can make the product or provide the service per our unique specifications; (2) supplier is willing to commit to protect our trade secrets and recipes; (3) they possess adequate production and delivery capability; and (4) they have the financial stability and condition as well as insurance coverage we require of our suppliers. We also may require an inspection of any of the supplier's facilities and delivery of samples of any other supplier's products to us or to an independent laboratory. We will evaluate any item you are considering for purchase to determine whether the item complies with our specifications. Upon the completion of our evaluation, which evaluation will take 90-180 days, we will give you the results. If approval is withheld, we will give you the reasons for the non-approval of any item. As described in Item 6 above, you will be required to reimburse us for our reasonable costs and expenses in connection with the evaluation. You must also reimburse us for amounts we pay to the independent laboratories or consultants we choose to assist us in our evaluation. Except as stated below, we do not make available our criteria for approval of these suppliers. Revocation of our approval of a supplier, product or service is our sole and absolute right to determine.

We are the sole owner of all variations of the proprietary chicken marinade and creamy cilantro dressing. As the owner of these trade secrets, any product tests, formula variations, or discussions with any manufacturer concerning the terms and conditions of sale and production of this proprietary chicken marinade and creamy cilantro dressing are within our exclusive control. Currently, McLane Foodservice, Inc. and US Foods

(formerly Saladino's) are the sole distributors of our proprietary chicken marinade and creamy cilantro dressing. McLane Foodservice, Inc. and US Foods are the only i El Pollo Loco® authorized distributors of a wide variety of ingredient and non-ingredient inventory items, including meat products, frozen goods, dry and canned food products, paper goods, small wares, and other items.

You must purchase and serve only approved beverages in your Restaurant. You may purchase such approved beverages from any EPL-approved distributor.

We negotiate purchase arrangements with systemwide suppliers (including price terms) for the benefit of all El Pollo Loco® operators, including our franchisees. For increased efficiency and smooth inventory management of limited time promotions, we have established an “**Obsolete Inventory Fund**”, for which there is a surcharge of \$0.18 for each case of chicken (Whole Birds and Saddles) ordered by our operators. The Obsolete Inventory Fund is used to pay for pertinent, unsold inventory of qualified suppliers at the conclusion of limited time promotions. The Obsolete Inventory Fund may also be used to expedite the delivery of products for situations in which sales exceed prior forecasts. We periodically review the added cost per case and determine whether to increase or decrease the cost per case. The next review will occur in December 2024.

We may establish strategic alliances or preferred supplier programs with suppliers that are willing to supply some products or services to some or all of the EPL Restaurants in our system. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of EPL Restaurants. Currently, we have negotiated an arrangement with our beverage suppliers to provide both company-owned and franchised EPL Restaurants with marketing funds in exchange for beverage syrup and other beverage purchases (collectively, “**Marketing Funds**”). Specifically, \$2.47 per gallon purchase of Coke and \$2.30 per gallon purchase of Dr. Pepper products will be provided directly to both company-owned and franchised EPL Restaurants. Occasionally, we may also receive special marketing funds from suppliers for special promotions, and we intend to contribute those funds to the Advertising Fund to be used for the benefit of both company-owned and franchised EPL Restaurants. We may also receive funds from suppliers which are used to support the cost of the annual System leadership meetings and may also be used to support the overall franchise system. It is our intention to spend all funds in the fiscal year in which they are collected. However, we reserve the right to spend such funds in the next fiscal year to the extent such funds remain from the prior fiscal year.

Other than as discussed above, we do not currently receive any allowances, rebates, credits, monies, payments and benefits for your purchases of products and other goods and services or provide any material benefits to you based on your use of designated or approved suppliers.

There are no franchisee purchasing or distribution cooperatives selling to our franchisees. For the sake of System uniformity and consistency of the consumer's experience with our brand, you are expected to abide by the terms of the Franchise Agreement and comply with our restrictions on purchasing. We do not provide additional incentives for those purchases.

#### Franchisor Revenue from Purchases and Other Payments by You

You are not required to purchase or lease anything from us in establishing your Restaurant. If you lease or sublease your Restaurant from us, your lease payments will likely represent between 7% - 20% of the total expenditures you incur in operating the Restaurant.

We derived \$7,073,000 or approximately 1.5% of our FY 2023 revenue of \$468,664,000 from franchisees' leasing and sub-leasing of restaurant Premises from us. We derived \$928,000 or approximately 0.2% of our FY 2023 revenue from franchisees under the IT Support Agreement. In addition, in FY 2023 revenues from suppliers which were contributed to the Advertising Fund, were \$643,000 or 0.1% of FY 2023 revenues. Other than stated above, in FY 2023, we did not derive any revenue from franchisees' required purchases (including purchases from third parties) of any products or services.

We do not anticipate deriving in FY 2024 any revenue from franchisees' purchases of any products or services, other than revenue from franchisees' leasing or subleasing restaurant Premises from us, from fees for the IT Support Agreement described above, supplier contributions to the System's annual franchisee convention, or those contributed to the Advertising Fund.

#### Specifications, Standards and Procedures

Each element of the interior and exterior appearance, layout, decor, services and operation of your Restaurant is subject to our specifications and standards. You must comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual, Development Manual, or any other written communication) relating to the appearance, function, cleanliness and operation of your Restaurant.

From time to time, we may issue modifications to the specifications, standards and operating procedures through replacement pages for the operations and development manuals, sent to you by electronic-mail (email) or by regular mail, or in the event we establish an intranet for the use by our franchisees, modifications may be made available to you by posting on the intranet. If applicable, these modifications will be distributed to all franchisees in a timely fashion.

Maintenance and repair of your Restaurant are solely your responsibility. For the term of the Franchise Agreement, you must at your expense maintain your Restaurant building, parking lot, equipment, wares, utensils, supplies and inventory in full working order and

good repair. You must replace any of the equipment and repaint the Restaurant as necessary to maintain your Restaurant in good working order as more specifically described in Section 12 of the Franchise Agreement. You must make all repairs no later than 30 days from the date such repairs are identified by you or by us or sooner as required by your Franchise Agreement. Replacement equipment must be purchased from an approved supplier and must be of the same type and quality as are being installed in new EPL Restaurants at the time replacement is required. All replacement equipment must comply with our requirements and specifications. You must at your cost and expense keep your Restaurant in clean, safe and sanitary condition at all times in accordance with the Operations Manual, any lease or sublease for your Restaurant site, and all applicable federal, state and local laws and regulations. Maintenance and repair costs for franchised restaurants are not available to us. Maintenance and repair costs for Franchisor Restaurants open for the entire 2023 year ranged from \$21,994 to \$96,887 per Restaurant. The maintenance and repair costs for your Restaurant may vary significantly from this range.

During the term of the Franchise Agreement, we may require you, at your sole expense, to remodel your Restaurant, as we may determine based on the condition and current approved image of the building, to then current El Pollo Loco® standards, format, design and image, as designated in plans and specifications provided by us. There are three remodel scope tiers from which to choose, as summarized in the chart below:

Tier	Remodel Scope	Target Average Investment*	Next Remodel Due
REFRESH	<ul style="list-style-type: none"> <li>• Full Exterior</li> <li>• Refurbished Interior</li> </ul>	\$250,000- \$350,000	5 years (must be Standard or Major)
STANDARD	<ul style="list-style-type: none"> <li>• Full Exterior</li> <li>• New Interior</li> </ul>	\$350,000- \$400,000	7 years
MAJOR	<ul style="list-style-type: none"> <li>• Full Exterior</li> <li>• New Interior</li> <li>• Open Ceilings</li> </ul>	\$400,000- \$500,000	10 years

\*Investments shown are normalized design targets and will vary depending on actual conditions of your restaurant. Does not include deferred maintenance.

You will be required to remodel the Restaurant according to the schedule above, except in connection with a transfer by you of your Restaurant under Section 17.6(c) of your Franchise Agreement. Remodeling costs for Franchised Restaurants are not available to us. The typical remodel cost for a Franchisor Restaurant ranges from \$250,000 to \$500,000 per Restaurant as set forth in the chart above. The Remodeling costs for your Restaurant may vary significantly from this range.

#### Off-Premises Catering and Catering Delivery

You will be required to participate in any Off-Premises Catering and Catering Delivery Program we develop that is applicable to your Restaurant. If we have not previously

approved Off-Premises Catering and Catering Delivery from your Restaurant, you must immediately discontinue all Off-Premises Catering and Catering Delivery activities. Details of the Catering Program can be found in the Catering section of the Operations Manual.

Gift Cards Program, Remote Ordering System, Loyalty Program, Third-Party Delivery Program and Digital Menu Boards Program.

- Gift Cards Program - You must sell or otherwise issue the stored value cards or gift cards and certificates (together “**Gift Cards**”) that we provide or designate, and in the manner we specify. You must honor all Gift Cards regardless of whether a Gift Card was issued by you or another EPL Restaurant.
- Remote Ordering System - We have a Remote Ordering System through Mobo Systems (“**Olo**”), a third-party vendor, which operates over the internet and/or with Micros.
- Loyalty Program - We also have a Loyalty Program using Punchh which is paid for by the Advertising Fund. Dispatch orders originate from elpolloloco.com or the El Pollo Loco mobile application.
- Third-Party Delivery Program - We have a Third-Party Delivery Program that uses Dispatch/Rails where the service is available through Olo, our remote ordering partner, and serviced by approved third party delivery providers such as Doordash, UberEATS, Grubhub, Postmates and ezCater.
- Digital Menu Boards Program - Digital Menu Boards may be displayed instead of traditional menu boards in the dining room of the Restaurant.

The Gift Cards Program, Remote Ordering System, the Loyalty Program, Third-Party Delivery Program, and Digital Menu Boards Program may be collectively referred to as “**Required Programs**” or individually as “**Required Program**”. Your participation is mandatory in these Required Programs. As such, you will be required to complete the following (as applicable) for each Required Program:

You must sell or otherwise issue the stored value cards or Gift Cards that we provide or designate, and in the manner we specify. You must honor all Gift Cards regardless of whether a Gift Card was issued by you or another EPL Restaurant. You may also be required to:

- a) Enter into a separate agreement with an approved third-party provider of the Required Program, under the terms and conditions as may be required by such third party provide, including the payment of reasonable fees;
- b) Purchase or upgrade, as applicable, the hardware, software and equipment that is necessary to participate in the Required Program;

- c) Comply in all material respects with all applicable laws, statutes and regulations in performing your obligations under the Franchise Agreement and otherwise in connection with your participation in the Required Program;
- d) Sign the documents, or take the actions, that we request in order to participate in our Required Program;
- e) Purchase and maintain a sufficient number of Gift Cards in a form we approve (***applies to the Gift Cards Program only***);
- f) Promote and sell the Gift Cards in your Restaurant using only marketing methods and materials we approve (***applies to the Gift Cards Program only***); and
- g) Accept the following credit cards: Visa, Mastercard, Discover and American Express; and accept the following mobile payments: Apple Pay and Google Pay, as methods of payment by customers ordering from your Restaurant, without imposing any minimum amount for the acceptance of any payment method.

We may discontinue or modify the Required Programs at any time, and upon receiving notice from us that we intend to do so, you must immediately cease the Required Programs or make the modifications that we require.

### PCI Compliance Program

The Payment Card Industry (“**PCI**”) Data Security Standard (“**DSS**”) is a set of security requirements that uses current technology and physical security best practices to protect credit cardholder data. The size of your business and the number of transactions you process will determine your specific requirements for achieving PCI compliance. Currently, the monthly cost of quarterly firewall scans is included with the Micros Platinum service monthly fees, however such monthly cost may increase as detailed in the El Pollo Loco® IT Support Services Agreement Exhibit 7 to the Franchise Agreement (Exhibit C). If you are ever found to be non-compliant with the PCI/DSS and remediation is required, a third-party vendor will work directly with you to resolve any outstanding issues and you may have to pay additional fees. All franchisees will be required to participate in this program from a third-party vendor that as our sole and absolute right may require our approval.

### Advertising by You

All of your local advertising will be subject to our prior written approval. Should you submit advertising that is not approved by us, you will have to revise and resubmit such advertising again for written approval prior to use of such advertising. We will not derive income from your purchase of local advertising. You are required to submit any marketing materials you develop to our marketing department for our review and approval at least ten business days prior to your desired first use of such materials.

## Insurance

You must maintain, in force, at your own cost and expense, the following insurance with policies issued by financially stable carriers with a minimum AM Best Ratings of A-VII:

- (a) Any insurance required by your (sub)lease, if any; and
- (b) workers compensation insurance in compliance with the applicable states' workers compensation and/or occupational disease act;
- (c) commercial general and product liability insurance written on occurrence form, included but not limited to premises-operations, property damage, products/completed operations, contractual liability, independent contractors, personal injury and advertising injury and liability assumed under an insured contract with coverage no less than a minimum \$1,000,000 per occurrence and \$2,000,000 general aggregate;
- (d) Automobile liability with at least \$1,000,000 combined single limit; and
- (e) Umbrella excess liability insurance with a minimum limit of \$5,000,000 limit per occurrence.
- (f) Property and extended coverage insurance with a maximum deductible of \$10,000 and with endorsements for vandalism and malicious mischief, covering the building, structures, equipment, improvements and the contents thereof in and at the Restaurant, on a full replacement cost basis, insuring against all risks of direct physical loss (except for unusual perils such as nuclear attack, earth movement and war), and business interruption insurance sustained form covering the rental of the Location, previous profit margins, maintenance of competent personnel and other fixed expenses.
- (g) In connection with and prior to commencing any construction, reimage or remodeling of the Restaurant, you shall maintain Builder's All Risks Insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, acceptable to EPL.

Commercial liability and umbrella/excess policies shall not contain: (i) mold, fungi, viruses, or bacteria exclusions applying to a good or product intended for consumption, or (ii) property damage or bodily injury exclusions caused by the ingestion of food. For the benefit of Franchisor, you agree to obtain an additional insured endorsement naming us. The endorsement shall state the above-described insurance shall be primary and not contributory, as to us; with a waiver of subrogation in favor of us. Commercial property policy must also name EPL as a loss payee and commercial general liability, automobile liability and umbrella liability policies must name EPL an additional insured. The endorsement shall state the above-described insurance shall be primary and not

contributory, as to EPL; with a waiver of subrogation in favor of EPL. All policies must contain provisions waiving rights of recovery against any named insured by subrogation. You shall provide us with a Certificate of Insurance designating us, our subsidiaries and affiliates as additional insured persons under such insurance and indicating we shall be given at least 30 days prior written notice by the insurer in event of any material modification, cancellation or termination of coverage.

All insurance policies must be purchased through a licensed insurance broker and evaluated annually on the basis of your particular needs and operations. There may be other insurance policies (not mentioned here) required to cover potential losses due to your particular business operations. Our policies do not extend to you, including, by way of example, Product Recall coverage. We recommend you consult with a broker and make decisions on what additional insurance you may require based on your business needs.

Each insurance policy must name us as a loss payee or an additional insured and must include other provisions as we require. You must deliver to us certificates of insurance or a copy of the subject policies upon our request and at least once annually during the term of your Franchise Agreement. If you fail to deliver to us proof of insurance or if your insurance is canceled, expires or is otherwise terminated, we have the option, but not the obligation, to purchase the required insurance on your behalf and you must reimburse us for all costs including, but not limited to, broker fees, taxes, insurance premiums, services and any fees associated with purchasing insurance on your behalf.

We do not derive income from purchasing insurance for you.

## ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

### Franchise Agreement

Obligation	Section in Agreement	Disclosure Document Item
a. Site Selection and Acquisition/Lease	Section 4	Items 5, 7, 8 11 and 12
b. Pre-opening Purchases/Leases	Section 5	Item 8
c. Site Development and Other Pre-opening Requirements	Sections 4 and 5	Items 5, 7, 11 and 12
d. Initial and Ongoing Training	Sections 11 and 16	Items 6 and 11
e. Opening	Section 16	Item 11
f. Fees	Sections 6, 7, 8, 11, 12, 15 and 17	Items 5, 6 and 7
g. Compliance with Standards and Policies/Manuals	Sections 11, 12, 13 and 14	Item 11
h. Trademarks and Proprietary Information	Section 2	Items 1, 11,13 & 14
i. Restrictions on Products/ Services Offered	Sections 10 and 11	Items 8 and 16
j. Warranty and Customer Service Requirements	Section 11	Item 8
k. Territorial Development and Sales Quotas	Not Applicable	Not Applicable
l. Ongoing Product/Service Purchases	Section 11	Item 8
m. Maintenance, Appearance and Remodeling Requirements	Sections 5, 11, 12 and 17	Items 8 and 11
n. Insurance	Section 9	Items 6 and 8
o. Advertising	Section 8	Items 6, 8 and 11
p. Indemnification	Section 9	Item 6
q. Owner's Participation/ Management/Staffing	Sections 11, 14 and 16	Items 11 & 15
r. Records/Reports	Section 7	Item 6
s. Inspection/Audits	Sections 7 and 15	Items 6 and 11
t. Transfer	Section 17	Items 6 and 7
u. Renewal	Section 20	Item 17
v. Post-termination Obligations	Section 19	Item 17
w. Non-competition Covenants	Section 21	Item 17
x. Dispute Resolution	Section 22	Item 17

## Development Agreement

Obligation	Section in Agreement	Disclosure Document Item
a. Site Selection and Acquisition/Lease	Section 2	Items 5, 7, 8 and 11
b. Pre-opening Purchases/Leases	Not Applicable	Not Applicable
c. Site Development and Other Pre-opening Requirements	Section 2	Not Applicable
d. Initial and Ongoing Training	Not Applicable	Not Applicable
e. Opening	Not Applicable	Not Applicable
f. Fees	Section 3	Item 5
g. Compliance with Standards and Policies/Manuals	Not Applicable	Not Applicable
h. Trademarks and Proprietary Information	Section 6	Items 1, 11,13 and 14
i. Restrictions on Products/ Services Offered	Not Applicable	Not Applicable
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	Sections 1 and 2	Item 12
l. Ongoing Product/Service Purchases	Not Applicable	Not Applicable
m. Maintenance, Appearance and Remodeling Requirements	Not Applicable	Not Applicable
n. Insurance	Section 7	Items 6 and 8
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Sections 7, 14	Item 6
q. Owner's Participation/ Management/Staffing	Not Applicable	Not Applicable
r. Records/Reports	Not Applicable	Not Applicable
s. Inspection/Audits	Not Applicable	Not Applicable
t. Transfer	Section 8	Items 6 and 17
u. Renewal	Section 4	Item 17
v. Post-termination Obligations	Sections 10, 12 and 20	Item 17
w. Non-competition Covenants	Section 20	Item 17
x. Dispute Resolution	Sections 16	Item 17

## ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

We may occasionally attempt to identify lenders willing to extend financing to you. The terms of any of these financing arrangements will be agreed upon between you and the lender and may vary widely. We will provide you, upon your request for the same, with a list of any lenders known to us and the terms of any financing arrangements available from those lenders to the extent known to us. Provision of this list to you does not constitute an approval or endorsement by us of any of the lenders or of any of the financing arrangements. Neither we nor our affiliates receive revenue or other benefits from any other person or entity for the placement of financing.

From time to time, we may establish a referral program (the “**Referral Program**”) whereby our existing franchisees in good standing (the “**Referrer**”) may be eligible to receive a referral fee for each new Franchise Agreement executed by a new qualified franchisee referred by the Referrer under a Development Agreement executed by such qualified franchisee. We reserve the right, in our sole and absolute discretion, to change the amount of the referral fee. We may also end or change the Referral Program, and impose or amend any rules and conditions, whenever we choose. We do not expect or want you to be involved in the sales process at all. As one of our existing franchisees in good standing, you are simply passing along to us the name of someone you know who might be interested in acquiring a new El Pollo Loco franchise in accordance with the then-current terms and conditions of the Referral Program. As of the date of the Disclosure Document, the referral fee payable to a Referrer is \$5,000 for the first new Franchise Agreement executed by the qualified franchisee referred by the Referrer under a Development Agreement executed by such qualified franchisee and \$2,000 for each subsequent Franchise Agreement executed by the qualified franchisee referred by the Referrer under a Development Agreement executed by such qualified franchisee. The referral fee is payable within sixty (60) days of full execution of the Franchise Agreement (and payment of the applicable Initial Franchise Fee) by the qualified franchisee referred by the Referrer. For the avoidance of doubt, (a) any new Franchise Agreement executed in connection with an assignment or other transfer of a Restaurant do not qualify for the Referral Program, and (b) any new Franchise Agreement executed by any current franchisee or its affiliates (including any principals of any franchisee that is an entity) also do not qualify for the Referral Program.

## ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

### Pre-Opening Obligations

We will provide the following pre-opening assistance:

- a) Provide you with our current minimum standards and specifications for locations of new EPL Restaurants and written materials that we require to be submitted to us in order to consider proposed locations (Franchise Agreement, Section 4; Development Agreement, Section 2).
- b) Provide you with our current minimum standards for the POS and back-of-house computer systems. Coordinate supplier meetings to finalize configuration. Supervise staging and installation (Franchise Agreement, Section 7).
- c) Within 60 days following your submission of the required materials for the proposed location, we will use commercially reasonable efforts to approve or reject, in accordance with our current standards and specifications, your proposed location. In reviewing the proposed site, the factors that are taken into consideration include, but are not limited to, site location, site description, site analysis, traffic, other demographic information, your operational abilities, and consumer trends (Franchise Agreement, Section 4; Development Agreement, Section 2).
- d) Provide you with standard plans and a sample layout for a typical EPL Restaurant and a set of typical construction, equipment and decor specifications. Prior to opening your Restaurant, you must obtain and subsequently maintain throughout the term of the Franchise Agreement all necessary business licenses, permits and other documentation necessary for the operation of an EPL Restaurant. We do not provide assistance in conforming to local ordinances and building codes or obtaining any required permits (Franchise Agreement, Sections 4 and 5; Development Agreement, Section 2).
- e) If the Restaurant is your first, second or third EPL Restaurant, we will provide at no cost to you the initial training to you, your Designated Operator and 4 of your Managers (as defined below), one of which must be a General Manager. General Manager, Assistant Manager and Shift Leader are referred to herein collectively as "**Managers**" and individually "**Manager**". At your cost, you may also elect to send additional Managers or Designated Operators to the initial training conducted by us. EPL requires that you appoint a Designated Operator as detailed in **Item 15** below, who will become the ultimate expert on EPL operational standards and procedures as outlined in the Operations Manual, who will devote their full time to the supervision of the business and operations of your

Restaurant(s). They may also serve as a Manager for a Restaurant. If at any time, for any reason, the Designated Operator ceases to perform their duties as described herein, you shall appoint a new Designated Operator within 90 days subject to EPL approval, and the newly appointed Designated Operator must satisfactorily complete the Designated Operator Training Program within 150 days of appointment and at your expense; or, you shall assume the duties of the Designated Operator and complete the Designated Operator Training Program within 240 days (if not previously completed within the last 36 months). (Franchise Agreement, Sections, 11 and 16); and

f) We will loan to you an electronic copy of our Operations Manual (Franchise Agreement, Section 11). The table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit G.

### Continuing Obligations

We will provide the following assistance during your operation of your Restaurant:

a) Administer and manage the marketing and advertising funds, as our sole and absolute right to determine, for the development of advertising and related programs and materials. (Franchise Agreement, Section 8).

b) Protect and defend you against any claims or challenges arising out of your authorized use of our trademarks. (Franchise Agreement, Section 21).

c) Periodically inspect your Restaurant and deliver to you a written report of our evaluation. (Franchise Agreement, Section 15).

d) Periodically modify the Operations Manual to reflect changes in standards, specifications and operating procedures. (Franchise Agreement, Section 11).

e) Provide periodic and ongoing training programs for you and your Designated Operator, Manager and your other personnel as we determine, as our sole and absolute right, from time to time. We will train additional Managers hired by you that you elect to send to our training at a designated CTR for an additional fee, or you may choose to train the additional Managers in your Restaurant at your cost (including the material costs). (Franchise Agreement, Sections 11 and 16).

f) The “Approved Products and Distribution Guide” is made available through the EPL Operations Manual (January 2024 version) through Pollo Zone, (Franchise Agreement, Section 11) with additional approvals communicated through Marketing/R&D/Training/Operations/QA test and/or module notifications.

## Site Selection and Estimated Opening:

a) *New EPL Restaurant:* When you sign a Development Agreement for one or more new Restaurants, we have the sole and absolute right to approve or reject each site which you select within the designated geographical area. When you have designated a proposed site for your Restaurant, we will consider your site proposal for approval, which must include a site description and analysis, traffic and other demographic information in the format we require. We will consider this information, the locations of other restaurants (including EPL Restaurants, if applicable) in the vicinity of the proposed site, and other items as may be part of our standard site criteria, in determining whether to approve or reject such site (see “**Site Approval Process**” below for details).

We do not endorse, warrant or guarantee either directly or indirectly the suitability of your Restaurant site or the success of your Restaurant. The success of the Restaurant depends on a number of factors outside of our control including your operational abilities, site location, consumer trends and such other factors that are within your direct control.

b) *Site Approval Process:* You must submit a proposed site for each franchised unit to be developed for review by RESAC, together with such site information as may be reasonably required by us to evaluate the proposed site. We will, provided there exists no default by you under any development, franchise or other agreement between us and you, evaluate each site proposed for which you have provided all necessary evaluation information, and will promptly send to you written notice of acceptance or non-acceptance of the site. If we do not accept the proposed site, you may submit another site for approval. We may require, as a condition to our approval of a site, a Market Study, prepared by a third party, which will analyze traffic and other demographic information, and the potential impact of the proposed site on other EPL Restaurants surrounding or within the vicinity of the proposed site, all in such format as we may require. The Market Study will be prepared at your expense. Site approval does not assure that a Franchise Agreement will be executed. Execution of the Franchise Agreement is contingent upon your purchasing or leasing the approved site. If you and we cannot agree on a site, then a Franchise Agreement will not be executed.

You must also only employ licensed and qualified architectural firms, building contractors and other real estate development professionals. You must meet the timeframes set forth in your Franchise Agreement for construction and opening of your Restaurant. We may, upon your request, provide you with a list of preferred development professionals that have been used by prior franchisees; however, the provision of this list does not indicate our approval of those professionals appearing on the list.

Unless otherwise required by your Development Agreement, within 90 days after our site acceptance, you must submit in writing to us, satisfactory proof to us that

you:

i) own the site or have entered into a written agreement to purchase the approved site on terms provided herein, subject only to obtaining necessary governmental permits. Should you purchase the site using another entity other than the franchise entity, you must then enter into a lease with the franchise entity as the lessee and the purchasing entity as the lessor. Such lease must contain (or not contain) the provisions contained below in Subparagraphs (iii) and (iv). This process needs to be completed within 90 days after RESAC has approved a site for your Restaurant; or

ii) have entered into a written agreement to lease the approved site on terms provided herein, subject only to obtaining necessary governmental permits, or you have leased the site for a term which, with renewal options is not less than the initial term of the Franchise Agreement. If you have leased the site, the lease must contain (or not contain) the provisions listed below in Subparagraphs (iii) and (iv). The unexecuted form of the lease must be submitted to us to review for the required terms and conditions listed below in Subparagraphs (iii) and (iv). Upon approval of the inclusion of such required terms and conditions, we will notify you of our approval. You will then provide a final executed copy of the lease to us. This process needs to be completed within 90 days after Franchisor has approved a site for your Restaurant.

iii) any lease for the Restaurant premises **must not** contain a non-competition clause or radius restriction preventing operation of other EPL restaurants owned by EPL or EPL franchisees.

iv) any lease for the Restaurant premises **must** contain the following items and conditions:

1. The tenant entity on the lease must match the franchise entity on the franchise agreement;

2. The term of the lease must match at least the initial term of the franchise agreement;

3. The landlord consents to your use of the premises as an EPL Restaurant which will be open during the required days and hours set out in the Operations Manual.

c) Franchise Agreement: After signing the Franchise Agreement you must achieve certain milestones to assure the timely development of your Restaurant. You must develop and open your Restaurant within 12 months of your initial signing of the Franchise Agreement. You are responsible for the development

process.

The total period of time to develop and open your Restaurant from the date of signing of the Franchise Agreement will not exceed 12 months. If, as the result of a force majeure event, you are unable to open your Restaurant within the allowed 12 months, we will extend the time allowed for you to complete these items and open your Restaurant for a period equal to the duration of the force majeure event.

d) Turnkey Restaurants: We have selected the locations for Turnkey Restaurants offered in connection with this Disclosure Document for a variety of reasons, including location in an area not currently targeted by us in our business plan, length of time remaining on the lease, and sales volumes.

WE MAKE NO REPRESENTATION EXPRESS OR IMPLIED, AND EXPRESSLY DISAVOW ANY REPRESENTATION, THAT YOU WILL IMPROVE THE PERFORMANCE OF, OR ACHIEVE ANY MEASURE OF SALES VOLUME AT, ANY TURNKEY RESTAURANT WHICH IS THE SUBJECT OF A FRANCHISE OFFERED IN CONNECTION WITH THIS DISCLOSURE DOCUMENT.

e) Time from Franchise Agreement Execution to Opening: We estimate that the length of time between executing the Franchise Agreement and opening your Restaurant will range from one month for a Turnkey Restaurant or a Turnkey Franchised Restaurant to 12 months for sites you have identified, and we have approved. After you secure the Restaurant site, design, permit receipt, construction or remodeling, and furnishing of the Restaurant could take approximately 9 to 12 months. However, if you do not open your Restaurant for business within 12 months from the date of the Franchise Agreement, we may terminate the Franchise Agreement. Factors affecting this length of time include scheduling of your and your employees' initial training, transferring or obtaining any applicable licenses and permits for the operation, and actual construction, of your Restaurant. (Section 4 of the Franchise Agreement).

f) Restaurant Opening Approval: Prior to opening your Restaurant to the public, we will require that you satisfy all pre-opening conditions of opening as set forth in this Disclosure Document and the Franchise Agreement. You may not open your Restaurant prior to receiving written approval from us to do so. Currently, we provide written approval in the form of the Franchise New Store Opening Checklist and Approval.

## Training

The Executive Franchisee Training Program (“**EFTP**”), Designated Operator Training Program (“**DOTP**”) and Management Training Program (“**MTP**”) may be collectively referred to as “**Training Programs**” or “**Initial Training Programs**” or individually as “**Training Program**” or “**Initial Training Program**”.

The EFTP for the Franchisee consists of 5 business days typically over a continuous week period. The training for the Franchisee will take place at the Support Center at the earliest mutually convenient date following signing of the Franchise Agreement. You may designate yourself as the Designated Operator.

The DOPT for a Designated Operator consists of 70 days over a continuous 14-week period. The Designated Operator must complete the DOTP at a designated CTR (or at multiple designated CTRs if appropriate) and become certified in the Food Protection Management Training Program (“**FPMT**”) before they can be assigned to your Restaurant(s) as the Designated Operator. The Designated Operator may be designated as a Manager or General Manager.

The MTP for a General Manager, Assistant Manager(s) and Shift Leader(s), consists of 40 days over a continuous 8-week period. Each Manager must complete to our satisfaction their Initial Training Program conducted at a designated CTR and become certified in the FPMT before they can be assigned to your Restaurant as a Manager. To ensure the highest opportunity of delivering exceptional service standards and retaining freshly learned operational knowledge, training for Managers will be delayed closer to the Restaurant opening. It will be completed no later than 30 days prior to the anticipated opening of the Restaurant.

Before you open your Restaurant, a minimum of 4 Managers, you and your Designated Operator, must each complete to our satisfaction the appropriate Initial Training Programs. In addition, but no later than by the end of the Initial Training Programs, you will designate the General Manager for the Restaurant from the Initial Training Program attendees and inform EPL of your decision in writing.

Purchasers of a Turnkey Restaurant or a Turnkey Franchised Restaurant must have satisfactorily completed the appropriate Initial Training Programs prior to transfer of the Restaurant operations to them which is currently conducted at a designated CTR.

The Training Programs for your Managers and Designated Operator consist of hands-on training in the operation and management of your Restaurant(s). Training is conducted by a corporate training expert who has been certified by us for training on the basis of that individual's knowledge and application of our standards for Restaurant operations. Instructional materials for the Training Programs include our electronic Operations Manual, crew training program, job aids, recipe books, product build cards, electronic management training materials, LMS learning plan certifications and other materials we may create from time to time. A copy of the table of contents of the Operations Manual and a training overview outline are attached to this offering as Exhibits G and H respectively.

Additionally, “non-prep” training and orientation may occur at the following location:  
El Pollo Loco® Support Center  
3535 Harbor Blvd., Suite 100  
Costa Mesa, CA 92626

For each newly opened Restaurant, we will provide to you a set of the required training materials at no cost to you but you must pay for all Additional Employee Costs During Training. We will not charge you for the Initial Training Program for you, your Designated Operator and up to 4 Managers for each of your first, second and third Restaurants. Additional attendees will cost you \$2,000 per attendee. Any additional on-going training for a Manager, Operational Director or Franchisee will also cost you \$2,000 per attendee. This fee will cover the fee for participation and materials provided to the attendee. A set of training materials per Restaurant supporting new product or process introductions will be provided at no cost to you.

Our Training Programs are under the direction of Mr. Richard Pepper. Mr. Richard Pepper's employment background is provided in Item 2 of this Disclosure Document.

Newly hired Managers must begin the MTP within 30 days of their hiring for existing Restaurants and must complete their training in a CTR. From time to time, we certify a Franchised Restaurant as a CTR if the Restaurant meets our criteria for certification. If you wish for your Managers to be trained in your Restaurant, your Restaurant must first be certified by us as a CTR.

Currently, all Training Programs and materials are produced and delivered in English. Crew training cards are available in English and Spanish.

On an on-going basis, you must maintain a minimum of 4 Managers per Restaurant which have each completed to our satisfaction the appropriate Training Program. If at any time, for any reason, the General Manager ceases to perform those duties on behalf of the Restaurant, Franchisee must promptly designate a new General Manager who meets the above-stated qualifications.

You must implement the Pollo Zone training program (an electronic learning management system) for your employees and must staff your Restaurant at all times during the term of the Franchise Agreement with a sufficient number of trained employees.

Each Manager employed in your Restaurant(s) must adhere to all applicable laws regarding serving safe food. Each and every shift must have a Manager in charge as indicated in the Operations Manual. At your cost, we may require continuing operations training occasionally, to reinforce operational standards as necessary for on-going operational execution and for you to maintain a sufficient number of trained employees. We may require continuing operations training occasionally for new product roll-outs at our cost however, you will still be responsible for the Additional Employee Costs During Training as described above.

If the Restaurant is your or your affiliate's *first* Restaurant, we will assist you in the initial opening of the Restaurant defined as "**New Restaurant Opening Support**" or "**NRO Support**", beyond the Initial Training Programs described above by sending certain members of Franchisor's personnel to the Restaurant to assist in the scheduled opening

of the Restaurant at a cost of \$30,000 to you. Additional training beyond initial NRO Support will be at your cost and at our sole discretion.

The Restaurant must not be opened until we are satisfied that you and your Managers and other Restaurant personnel have been adequately trained in the El Pollo Loco® System (Section 16 of the Franchise Agreement). If you are required to send your Manager to a remedial training class, you will be charged a fee for that Manager's participation and materials.

### Advertising

Recognizing the value of marketing and advertising to the goodwill and public image of EPL Restaurants, our marketing department administers a fund for advertising, public relations, marketing research and promotion into which all franchisees contribute an advertising fee equal to 5% (or 4% if the Restaurant is within the LA DMA) of their Net Sales ("**Advertising Fee**") as required by their Franchise Agreement. The Advertising Fee for the Restaurants located within the LA DMA may be increased, as our sole and absolute right, to not more than 1% above your original Advertising Fee during the Initial Term of your Franchise Agreement and upon 90 days written notice to you. Some existing franchisees may pay lower Advertising Fees. Restaurants owned and operated by us will contribute on at least the same basis as those existing franchisees within the same DMA.

The Advertising Fee will be deposited in the advertising fund ("**Advertising Fund**").

a) Advertising Fund: We will have the sole and absolute right to determine the allocations and expenditures to be made from the Advertising Fund and overall aspects of the Advertising Fund, including without limitation: media plans and buying, concept development, endorsements, agency fees and relationships, production costs (e.g., for video, audio and electronics) market research, design development (e.g., for store prototypes and advertising), customer feedback and evaluation programs and analysis (to the extent not paid for by the Customer Feedback Program described in Item 7 above), product research and development, written advertising materials, media (including social media), public relations programs, reimbursement for our direct overhead and personnel costs fulfill our obligations to you in connection to the Advertising Fund, and other uses that we determine to be appropriate and beneficial for some or all EPL Restaurants.

We provide you with promotional programs and point-of-purchase materials such as banners, clings, traditional menu panels, countertop merchandising (other and drive-thru merchandising), collectively referred to herein as "**POP Materials**". These will be furnished to you at no more than cost (including any related administrative, shipping, handling and storage charges). Additional POP Materials may also be purchased by you at no more than cost (including any related administrative, shipping, handling and storage charges).

Although it has been our practice to spend all advertising funds in the fiscal year in which they are collected, we reserve the right to spend such advertising funds in the next fiscal year to the extent we believe appropriate. We intend to balance our fund on an annual basis. From time to time, the Advertising Fund may experience either a surplus or deficit. In any fiscal year, we may spend an amount greater or less than the aggregate contributions made by EPL Restaurants to the Advertising Fund in that year. The Advertising Fund may borrow from us or from other lenders to cover deficits in the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. We do not act as a trustee or in any other fiduciary capacity with respect to the Advertising Fund.

Upon request by you, and no more frequently than annually, we will provide to you an accounting describing any Advertising Fees received and expenditures reimbursed or made by us with respect to the Advertising Fund during the previous fiscal year. This accounting will not be audited.

We seek all franchisees' input regarding marketing through the Monthly Business/Marketing Update Meeting ("**Monthly Update**"). This is a periodic web conference call available to all franchisees. This Monthly Update serves only in an advisory capacity and all advertising activities, whether national, regional or local, are determined and conducted by us as our sole and absolute right. We may also establish, change or dissolve the Monthly Update, as our sole and absolute right.

We advertise in various media including broadcast and cable television, radio, newspaper, direct mail, on our Website and via third party websites. The advertising is primarily developed by outside advertising agencies and is local and regional in scope.

For the fiscal year ended December 27, 2023, the advertising fund was used to pay for general development and production of advertising, promotional materials and agency fees (33.8%), DMA media placement (31.9%) and system-wide media placement (national) (34.3%). None of the fund was spent for advertising, principally a solicitation for the sale of franchises or for payments to us or our affiliates for goods or services.

b) Local Advertising Fund: If the Restaurant is located in a DMA outside of the LA DMA, as our sole and absolute right to determine, a portion of your Advertising Fee may be allocated to a Local Advertising Fund ("**LAF**") for the Restaurant. You will be required to pay the Advertising Fee to us at the same time as your royalty payments pursuant to the Direct Debit Agreement (Exhibit 4 to the Franchise Agreement). If the Restaurant has an LAF as designated by our Marketing Department, you must use current approved vendors for your advertising order, and then EPL will pay the approved vendor directly upon approval of the order & confirmation of receipt of the order with you. The LAF monies also will be used to reimburse you for the cost of implementing local marketing plans developed by you and approved by us in writing (up to an amount not to exceed the LAF

contributions collected). For these purposes, qualifying LAF expenditures include, but are not limited to: (a) amounts contributed to Advertising Associations (defined below); (b) amounts spent for advertising media, such as television, radio, newspaper, billboards, posters, direct mail, collateral and promotional items, advertising on vehicles (excluding the cost of any vehicle), and, if not provided by us, the cost of producing approved materials necessary to participate in these media; and (c) such other expenditures as we determine to be appropriate and beneficial for some or all of the EPL Restaurants that participate in the applicable LAF. Non-qualifying LAF expenditures include amounts spent for items which we, in our reasonable judgment, deem inappropriate for meeting the minimum advertising requirement, including, but not limited to: permanent on-premises signs (including traditional or digital menu boards and hardware), transportation vehicles, marketing personnel salaries, public relations or advertising agency retainer, highway signs or any other signage for directional purposes only, store labor costs associated with the execution of any marketing program, lighting, administrative costs, Yellow Pages advertising, discounts/coupons offers, free offers, employee incentive programs, and any unapproved marketing or advertising materials.

The following chart is the list of qualifying and non-qualifying LAF expenditures. (We reserve the right to revise the list from time to time and will make such revisions available to you at least 30 days prior to their effective date).

c) Qualifying Expenditures:

i) *In-Store Promotional Materials*, including:

1. Collateral/sales materials for local programs (locally developed programs and supporting materials are subject to EPL's prior written approval;
2. Catering/carry-out menus (printing and fulfillment costs); and
3. Printing and fulfillment costs for nutrition brochures.

ii) *Local Marketing Outside the Restaurant*, including:

1. Production costs of coupons (not redemption costs of coupons);
2. Promotional items used specifically for marketing activities;
3. Event expenditures, including sponsorship fees, signage at event; and

4. Marketing materials needed to execute local store marketing programs;

5. External media:

a. Print – newspaper, direct mail, FSI's;

b. Broadcast – radio and television;

c. Internet marketing (e.g., Digital video and audio, social media, and digital banners);

d. Cost of producing/customizing materials necessary to participate in above media (only if the tools or resources for producing these materials are not already available); and

e. Out-of-home marketing, such as billboards, transit, mobile billboards, aerial banners, etc.

iii) Public Relations: Supplies and materials needed to execute public relations outreach programs.

iv) Other: All other expenses franchisees seek to include in LAF must be submitted for prior written approval to the El Pollo Loco® Marketing Department.

d) Non-Qualifying Expenditures:

i) Permanent on-premises signs (including traditional or digital menu boards and hardware);

ii) Transportation vehicles;

iii) Employee incentive programs;

iv) Discount/coupon offers, i.e., the redemption costs of any coupons;

v) Lighting;

vi) Administrative expenses;

vii) Store labor costs associated with the execution of any marketing program; and

viii) Any unapproved marketing or advertising materials.

## Advertising Approvals and Initial Advertising Costs

You may not engage in any advertising activities or erect, hand out or display any sign, poster, coupon, advertising or promotional material of any type without our prior written consent. You must submit to us for our prior approval, at least 30 days prior to the beginning of each fiscal year, a marketing plan for your market. This marketing plan may be submitted by all franchisees in your market through the applicable Advertising Association. If you are using materials not prepared by us and which vary from our standard advertising and promotional materials, they must be submitted to us for approval no less than 45 days prior to the beginning of that promotion or program. If submitted materials are not approved, they must be resubmitted again for our approval once they are revised. Ten business days are required for our initial review and approval of any materials, and for subsequent review, and approval of revisions to the materials. You may not use any advertising or promotional materials that we have disapproved or that we have not approved. We will have the right to remove any unauthorized material at your expense.

In addition to your monthly Advertising Fee obligation, you must spend \$5,000 on grand opening advertising and promotional programs for your Restaurant pursuant to a grand opening program developed by us or developed by you and approved by us which you prepare and submit to us for approval at least 30 days prior to the anticipated Opening Date of the Restaurant. Your grand opening advertising and promotion must take place during the time period between 15 days prior to the Opening Date of the Restaurant and 45 days following the Opening Date of the Restaurant. You must submit to us, not later than 15 days following the conclusion of your grand opening, written receipts and other evidence reasonably satisfactory to us showing all amounts you spent to conduct your grand opening.

## Advertising Associations

We have the right to establish local and/or regional Advertising Associations (“**Advertising Associations**”) for EPL Restaurants in your local or regional area, covering the geographic areas we may designate from time to time. We have the right to form, change, dissolve or merge the Advertising Associations.

If we have established an Advertising Association in your DMA, you must participate in the Advertising Association and its programs and abide by its by-laws. You must contribute to the Advertising Association(s) those amounts as determined by the Advertising Association members from time to time in accordance with their bylaws. Any EPL Restaurant we own in the DMA or regional market area(s) will contribute the Advertising Association on the same basis. Contributions of up to 2% to the local and regional Advertising Associations are credited toward the Advertising Fee required by the Franchise Agreement; however, if we provide you and your local Advertising Association 90 days’ notice of a special promotion, including, but not limited to, any regional promotions, you must participate in the promotion and also pay us any special promotion advertising fees assessed in connection with the program, beginning on the effective date

of the notice and continuing until the special promotion is concluded. Any special promotion advertising fees will be in addition to, and not credited towards, the Advertising Fee required by the Franchise Agreement.

The Advertising Association bylaws and membership agreement are attached to this Disclosure Document as Exhibit 5 to the Franchise Agreement (Exhibit C). We may administer the Advertising Associations and collect your Advertising Association contributions by automatic electronic withdrawal. The financial statements of the Advertising Associations may be audited, and the reports will be made available to you. Each EPL Restaurant located within the area governed by the Advertising Association will have one (1) vote.

### Computer Hardware and Software

You must obtain, install, and use the Micros Software System Applications (“**Micros**”), as described below, with minimum software and hardware configuration that we require or approve in writing. Micros software is the only approved POS application. Franchisees using Micros must comply with all PCI security requirements. You may not store consumer data outside of our approved environments. You must upgrade any computer-based system and/or obtain service and support as we require or as necessary because of technological developments. There are no contractual limitations on the frequency and cost of this obligation. We may condition any license of proprietary software to you, or your use of technology we develop or maintain. We may charge up-front and ongoing weekly or monthly fees for any proprietary software or technology licensed to you and for other maintenance and support services provided during the franchise term.

### Micros

We use the Oracle Micros POS system, with associated Micros back-office software system which costs approximately \$15,000 to \$60,000. The POS system includes computer applications to be used by the Restaurant, including (a) back office software and point of sale software, (b) cash register systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (for example, your telecommunications connection) and speed.

Micros will record all sales on serially numbered guest checks and provide a validated copy of same to each customer. Micros will communicate with our system and will permit us to electronically poll the daily sales, menu mix and other data we may deem necessary. Micros will be used for employee time-keeping and production planning and will also allow the seamless communication of daily financial and inventory information to our central processing facility. We will have independent access to the information generated by your Restaurants that use Micros and we have the right to retrieve data and information from Micros and use it for any reasonable business purpose, including marketing and financial analysis purposes, or for other such purposes as we may set forth in the Operations Manual or otherwise in writing. We will not share this information with any third parties

except as part of information aggregated with other Franchised Restaurants and/or Franchisor Restaurants.

You must obtain, install, and use the computer software programs that we require with Micros (the “**Micros Required Software**”). You must utilize any proprietary software program that we may develop internally or with the assistance of outside suppliers or consultants or that we may license for use by the El Pollo Loco® System. We or our approved suppliers may condition any license of proprietary software to you, or your use of technology that we or our approved suppliers develop or maintain, on your signing a software license agreement or similar document that we or the approved supplier prescribe to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology.

We may modify specifications for and components of the Computer System and Micros Required Software. Approved hardware and Micros Required Software must be purchased or leased from us or from suppliers approved by us and must be installed by us or by suppliers approved by us at your expense (including purchasing Used Micros or other approved hardware). All approved hardware components must be installed in accordance with our standards and procedures. Our modification of specifications for Micros and Micros Required Software may require you, at your expense, to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities. We expect to upgrade from a legacy-thick client application to a cloud-based POS solution beginning in 2024, which may require both software and hardware updates solely at your expense.

Micros is for use by you only in connection with operational and management tasks of your Restaurant. You may not use Micros for email, word processing, spreadsheets, web surfing, or any other personal applications or purposes not approved in writing by us (“**Personal Applications**”). However, you may run Personal Applications on a separate and personal computer and network provided by you, but the personal computer and network must run in “stand alone, isolated mode” and you must not interconnect any Personal Application with Micros. The support and maintenance of your personal computer and all its related and installed hardware, software, and network components is your sole responsibility. The development of custom applications, interfaces, extracts, imports and exports that facilitate integration to external third-party applications, unrelated to the operation of Micros that you require for your Personal Applications, will be your sole responsibility. In no way should the development or implementation of these interfaces impact the daily operation of your Restaurant or Micros. We reserve the right to require you to shut down those interfaces if we determine that they interfere with Micros operations, or the operation of your Restaurant. You will only install Franchisor approved Wi-Fi hardware to ensure security and controls are in place to protect and segment networks.

We may in the future require you to obtain and use a Computer System and software that is different from that which we currently require.

As part of the Micros Required Software, we currently require you to purchase the El Pollo Loco® Micros software bundle, and we require you to obtain a license to use the My EPL.Net Portal. You will obtain this license when entering into the Support Agreement (Exhibit 7) to the Franchise Agreement (Exhibit C). The monthly cost for POS Software Services and Support and My EPL.Net Portal is \$915.25. This fee may increase depending on vendor price increases. In addition, there will also be an annual fee of up to \$1,000 for Oracle Micros POS Software Support which is required to be able to receive Micros software updates.

We currently require you to obtain Broadband Internet access for the Computer System with a minimum performance standard based on current technology availability. The average monthly cost of such Internet access is \$114. The minimum monthly cost is \$49 per month, while the maximum monthly cost is \$656 all depending on the availability of internet service at your particular Restaurant location. The service will be provided by us under the Support Agreement, and the cost of such service will be bundled into your required monthly computer maintenance cost, described below. We will order the high-speed communications service from our preferred supplier and supervise its installation. We also require you to obtain two dedicated phone lines to support the Computer System. In addition, we require you to purchase a firewall that we will specify.

Neither we nor our outside supplier(s) are required to provide you with ongoing maintenance, repairs, upgrades or updates to the Micros Required Software and any other required software. However, the Support Agreement currently provides one level of service, Platinum. The Platinum service monthly fees per Restaurant will be \$915.25 for Platinum service which includes support for Micros Required Software only. However, such Platinum service monthly fee is a pass-through fee and may increase depending on vendor price increases. Helpdesk services include hardware dispatch management through an approved depot vendor, and vendor fees for hardware replacements may apply. Additional service fees may apply for on-site installation. These fees may increase depending on vendor price increases. In the event that we or our designated representative provide services which are outside the scope of the Platinum Services, you must pay the invoice(s) for such services upon demand at the Professional service rates described under Complete I.T. Operations Support plus materials, or if an outside designated representative is used, at the rate they charge plus materials.

### Operations Manual

The Operations Manual which is available in Pollo Zone is comprised of the three sections listed below . The Table of Contents for each section is attached as Exhibit G to this Disclosure Document.

- a) Standard Operating Procedures in English language (Total number of pages - 154),
- b) Cleaning Program Procedures Binder in English and Spanish languages (Total number of pages - 332).
- c) Recipe Cards in English and Spanish languages (Hot Prep (55 pages) and Cold Prep (44 pages)) and Build Cards in English (13 pages) (Total number of pages – 112)

## ITEM 12: TERRITORY

You will not receive an exclusive territory under the Franchise Agreement or Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

### Franchise Agreement

You will operate your Restaurant from a location that we accept, or you may purchase a currently-operating Restaurant from us (a “**Turnkey Restaurant**”) or you may purchase a currently-operating Restaurant from a franchisee (a “**Turnkey Franchised Restaurant**”). You will not sign a Franchise Agreement until we have accepted your proposed site, and you have completed the purchase or lease of the proposed site. After you sign your Franchise Agreement and we agree on your Restaurant’s location, we will grant you a protected area of one-half (0.5) mile radiating from your Restaurant within which, absent your prior written consent, we will not, after the date of the Franchise Agreement and during the term of the Franchise Agreement, and so long as you are in compliance with your obligations under the Franchise Agreement, establish or franchise another to establish, another standalone or traditional inline EPL Restaurant under the Marks and System (the “**Protected Area**”). No Protected Area exists with respect to “**Ghost Kitchens**” which we define as a professional food preparation and cooking facility set up for the preparation of delivery-only meals whether or not the facility produces menu items for multiple brands or just for EPL Restaurants. Additionally, no Protected Area exists for EPL Restaurants located in “**Non-Traditional Venues**,” which we define as any of the following types of venues: regional shopping malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, military bases, entertainment centers, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care institutions, or similar types of captive market locations that we may designate. We will determine and designate those shopping malls that in our judgment qualify as a regional shopping mall based on the size of the shopping complex, number of anchor tenants, existence of dedicated parking space, existence of unrelated merchandisers, and prevailing consumer and industry perceptions.

Both parties retain all other rights and obligations in the Franchise Agreement including EPL’s absolute right to establish, or franchise any other person, to establish and operate Restaurants at any location outside the Protected Area.

We retain the following rights in your Protected Area under the Franchise Agreement:

a) The right to merchandise and distribute goods and services identified by the Marks (including the same or similar products as sold by you at your Restaurant) to customers at any retail location, regardless of its proximity to your Restaurant’s location, through any method or channel of distribution, including, without limitation, at retail locations such as grocery or convenience stores and via the Internet, telemarketing, and direct marketing means, or through other non-EPL Restaurants having the same or similar menu items or through any other distribution channel; and

b) The right to establish and operate and franchise other restaurants (not using the Marks) having the same or similar menu items, whether within or outside of the Protected Area.

### Franchise Development Agreement

We may offer you the opportunity to enter into a Franchise Development Agreement (the "**Development Agreement**") (Exhibit F to this Disclosure Document) for the right to develop and open either a single Restaurant or multiple Restaurants within a specified territory as set forth in Exhibit A to the Development Agreement (the "**Territory**"). If you are opening a single Restaurant under the Development Agreement, the specified address of your Restaurant location will be your Territory under the Development Agreement. If you plan on developing multiple units under the Development Agreement, the required number of Restaurants, the timeframe for the development of those Restaurants, and your Territory (which will be a geographic area that we mutually agree upon) will be set forth on Exhibits A and B to the Development Agreement.

Under a multi-unit Development Agreement, you must submit to us a proposed market plan for the Territory, which will be subject to our review and approval on an annual basis. We must approve each proposed site. The term of the Development Agreement commences on the date specified in Exhibit B to the Development Agreement (the "**Development Schedule**") and terminates on the earlier of the termination date specified in the Development Schedule or the signing of the Franchise Agreement for the last EPL Restaurant required under the Development Schedule.

The development rights under the Development Agreement may or may not be exclusive. If we grant you exclusive rights, those rights are coterminous with the Development Agreement term and expire upon its termination or expiration. Even if we grant you exclusive development rights, we retain the right to continue the operation of any Franchisor Restaurants or Franchised Restaurants located within the Territory on or before the date of the Development Agreement. Your territorial rights are also subject to any prior territorial rights of other franchisees, whether or not currently enforced.

If you are granted exclusive development rights, as of the date of the Development Agreement and during the term of the Development Agreement, and so long as you are in compliance with your obligations under the Development Agreement, we will, absent your prior written consent, neither: (1) grant development rights to anyone else with respect to your Territory or any part of your Territory; nor (2) establish or franchise any person to establish an EPL Restaurant under the Marks and System at any location within the Territory. We retain the following rights within your Territory under the Development Agreement:

a) The right to establish and operate or franchise others to establish and operate an EPL Restaurant located outside the Territory;

b) The right to sell the same or similar products (whether or not using the Marks), as will be sold by you in a developed EPL Restaurant, to customers at any retail location (whether within or outside the Territory), through any method or channel of distribution, including, without limitation, at retail locations such as grocery or convenience stores and via the Internet, telemarketing and direct marketing means, through ghost kitchens (defined as a professional food preparation and cooking facility set up for the preparation of delivery-only meals. For purposes of this definition, it makes no difference if the facility produces menu items for multiple brands or just for EPL Restaurants), or other non-EPL Restaurants having the same or similar menu items, through any other distribution channel, or through non-traditional restaurants in the following types of venues: a regional shopping malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, military bases, entertainment centers, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care institutions, and similar types of captive market locations that we may designate. We will determine and designate those shopping malls that in our judgment qualify as a regional shopping mall based on the size of the shopping complex, number of anchor tenants, existence of dedicated parking space, existence of unrelated merchandisers, and prevailing consumer and industry perceptions;

c) The right to establish and operate or franchise others to establish and operate restaurants (not using the Marks) having the same or similar menu items whether within or outside the Territory; and

d) The right to continue to operate, and to permit the continued operation by another franchisee of EPL, of an EPL Restaurant within the Territory which was opened on or before the date of your Development Agreement.

In addition to the requirement that you comply with all of the terms of the Development Agreement, continuation of your development rights is contingent upon (a) your meeting RESAC site submittal timeframes (b) franchising each Restaurant by executing our then-current standard Franchise Agreement for each Restaurant as required by the precise dates set forth in the Development Schedule; and (c) satisfying all financial and operational criteria then in effect at the time of signing each Franchise Agreement and ancillary documents. Loss of your development rights under the Development Agreement, in and of itself, will not affect any of your Restaurants which are then currently opened and operating. However, as a result of your failure to comply with the terms of the Development Agreement, we reserve the right to modify or eliminate the Territory, your rights in the Territory, and/or the Development Schedule or terminate the Development Agreement.

You do not receive the right to acquire additional franchises in your area except pursuant to a Development Agreement. Under some circumstances, we may grant you the right to extend the term of your Development Agreement or to obtain additional territory through rights of first refusal, rights of first offer or options.

Any territorial exclusivity granted to you is (i) under a Development Agreement and in most cases, only for the term of the Development Agreement, and (ii) not contingent on a minimum sales volume or market penetration. You may, however, lose your territorial exclusivity if you fail to meet the Development Schedule as set forth in your Development Agreement or otherwise breach the Development Agreement. The Territory granted to you under the Development Agreement will differ depending upon the geographic area you wish to develop and the number of units you wish to develop.

#### Rebuilding or Relocation

If your Restaurant is damaged or destroyed (to the extent that it must be closed for repairs for more than 60 days), taken by condemnation proceedings, or if your lease is terminated through no fault of your own, you must, at our option, relocate your Restaurant (upon our approval of a new location), terminate the Franchise Agreement or, in the case of damage, rebuild the Restaurant subject to our written approval. If we require you to relocate your Restaurant, you must sign our then-current Development Agreement and then-current Franchise Agreement (after we have approved your new location), and you will be subject to the Development Disputes Procedures as contained in each of these agreements, as described above in this Item.

## ITEM 13: TRADEMARKS

The following principal trademarks (“**Marks**”) have been registered by us on the Principal Register of the United States Patent and Trademark Office (“**PTO**”):

Title	Application/ Serial No	Registration No	Registration Date
EL POLLO LOCO	73302431	1237518	May 10, 1983
EL POLLO LOCO	87728767	5716971	April 2, 2019
THE CRAZY CHICKEN	73302442	1237519	May 10, 1983
LOCO REWARDS	87421132	5509915	July 3, 2018
FEED THE FLAME	88317298	6035025	April 14, 2020
POLLO ZONE	87421166	5339353	Nov. 21, 2017

We have timely filed or intend to timely file, with the USPTO all required affidavits of use and renewal applications, when due, for the Proprietary Marks. There are no currently effective material determinations of the PTO, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect which significantly limit our right to use or license others to use of the Marks in a manner material to you.

If our right to use those trademarks is challenged, you may have to change to an alternative trademark, which may increase your operating expenses.

### Franchise Agreement

The Franchise Agreement grants you the right to use the Marks, including "**El Pollo Loco**" and other Marks we authorize with respect to your Restaurant. If we believe, as our sole and absolute right, that it is advisable for you to modify or discontinue use of any Mark or to use one or more additional or substitute names or marks, you must comply with our directions and our sole obligation in this event will be to reimburse you for your actual and direct compliance costs.

You must immediately notify us of any claim of infringement or challenge to your use of any Mark. We will protect and defend you against any claim or challenge and it is our sole and absolute right to take any action we deem appropriate. You must cooperate fully with us in the prosecution or defense of any claim or challenge. We will reimburse you for any damages for which you may be found liable if you immediately notified us of the claim and used the relevant mark in accordance with the Franchise Agreement.

### Development Agreement

The Development Agreement grants you limited rights to use of the Marks. Your right to use the Marks is derived primarily from the Franchise Agreements you enter into with us. You may not use any Mark as part of a corporate or legal business name or in any other manner not authorized in writing by us. We do not know of any infringing uses of the Marks that could materially affect your use of the Marks.

## **ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents or currently pending patents that are material to the franchise.

We claim copyright protection for our Operations Manual, training materials, food safety and standards visitation forms and guidelines, menu formats, advertising designs and the like. Any of these items reproduced by you, as authorized by us, must bear a copyright notice in the form we specify. We consider certain information relating to the development and operations of EPL Restaurants to be trade secrets and proprietary information. This information includes:

- a) ingredients, formulas, recipes, and methods of preparation and presentation of certain food products;
- b) plans and specifications for the development of EPL Restaurants;
- c) sales, marketing and advertising programs and techniques for EPL Restaurants;
- d) knowledge of specifications for, and suppliers of, certain food products, materials, supplies and equipment; and
- e) methods of inventory control, storage, product handling and management of EPL Restaurants.

You may not use our proprietary or confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. Among other things, we consider our list of systemwide approved suppliers and distributors to be confidential and proprietary information which cannot be disseminated to third parties without our prior written consent. Under the Franchise Agreement you must:

- a) Fully and strictly adhere to all security procedures prescribed by us for maintaining the confidentiality of our proprietary information;
- b) Exercise the highest degree of diligence in protecting the secrecy of the proprietary or confidential information during and after the term of the Franchise Agreement;
- c) Disclose proprietary or confidential information to your employees only to the extent necessary for the efficient operation of the Restaurant in accordance with the Franchise Agreement and insure they will maintain its confidentiality; and
- d) Not use any proprietary and confidential information in any other business other than another EPL Restaurant operated under the Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize you to use the copyrighted materials. Further, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state.

## **ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must participate personally in the direct operation of your Restaurant. We recommend your direct "on-premises" supervision to promote Restaurant performance by containing controllable costs, guiding and directing Restaurant employees and enforcing quality standards for Restaurant operation as set forth in the Operations Manual policies and procedures.

You must appoint a Designated Operator to supervise all franchise activities. You may designate yourself as the Designated Operator. The Designated Operator must: (i) satisfactorily complete the DOTP comprising of 70 days over a continuous 14-week period, (ii) be certified in the FPMT, and (iii) be approved by EPL prior to the opening of the Restaurant. The Designated Operator shall devote their full time to the supervision of the business, operations of the Restaurant, all franchise activities, and any other El Pollo Loco<sup>®</sup> Restaurant owned by you. The Designated Operator may also be designated as a General Manager.

If at any time, for any reason, the Designated Operator ceases to perform those duties on behalf of the Restaurant(s), (a) you shall appoint a new Designated Operator within 90 days subject to EPL prior written approval, and the newly appointed Designated Operator must satisfactorily complete the EPL DOTP and become certified in the FPMT within 150 days of appointment and at your expense; or (b) you shall assume the duties of the Designated Operator and complete the EPL management training program (including the DOTP and FPMT) within 240 days if not previously completed within the last 36 months. You must also comply with any applicable transfer provisions of your Franchise Agreement if the change in your Designated Operator results in a change in the equity ownership of the Restaurant.

Each Restaurant must be managed by not less than 4 Managers who have successfully completed the MTP as a General Manager, Assistant Manager, or Shift Leader; who have become certified in the FPMT; and who will assume responsibility for the day-to-day management of the operations of the Restaurant, including the preparation of food products, accounting and the supervision and training of personnel. The Managers may be required to sign a confidentiality agreement. Each and every shift must have a Manager in charge.

You must enter into all agreements, including a personal guarantee with us, as an individual. You may then request to transfer ownership of the franchise rights to an entity you control. We may approve such request upon your satisfaction of certain conditions set forth in Section 17 of the Franchise Agreement (Exhibit C). However, you, individually, will still remain financially responsible for the entity. Also, we will require that one or more of the partners, shareholders or members of assignee, as the case may be, and you, to execute a personal guarantee, in form and substance satisfactory to us, guaranteeing the franchisee's entities obligations and liabilities. A copy of the Personal Guarantee is set forth in Exhibit 2 to the Franchise Agreement (Exhibit C). The number and identity of those

partners, shareholders and members of assignee which will be required to execute guarantees shall be those persons and entities which, in our reasonable judgment, have a sufficient net worth to ensure the franchisee's entities performance under this Agreement. All other individuals with an ownership interest in the entity will be considered "**Investors**" and will be required to execute the Investor Covenants Regarding Confidentiality and Non-Competition is set forth in Exhibit 3 to the Franchise Agreement (Exhibit C).

If you transfer your franchise rights to a corporation, partnership or limited liability company, it also shall demonstrate to our reasonable satisfaction that it has established transfer instructions prohibiting the transfer on its records of any equity securities, partnership interests or ownership interests in violation of the requirements set forth in Section 17 of the Franchise Agreement (Exhibit C) and that each stock, partnership or ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to us that the assignment or transfer is subject to all of the restrictions imposed upon assignments by the Franchise Agreement (Exhibit C);

## **ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

EPL Restaurants present a common menu consisting primarily of fire-grilled chicken and related food items. Only approved food items may be sold in your Restaurant. You must offer at your Restaurant all those products and services we require, including those items specified in the standard EPL menu, plus specials and featured items which we designate. Specials and featured items designated by us are considered to be part of the EPL menu and must be made available on the days and times we specify.

The EPL proprietary chicken marinade and marinade mix may be used only in the preparation of food items at your Restaurant and may not be sold to the public or otherwise dispensed.

You may only offer products or services at your Restaurant which we have authorized. No vending, cigarette, video game or other coin-operated machines are permitted in your Restaurant unless you have obtained our prior written approval.

The Development Agreement neither gives you the right to operate an El Pollo Loco® Restaurant nor sell El Pollo Loco® Products.

## ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### The Franchise Relationship

#### Franchise Agreement

**This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document.**

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3	20 years from the date you open your Restaurant to the public, subject to earlier termination. A different initial term may be offered as our sole and absolute right, such as to match your (sub)lease.
b. Renewal or extension of the term	Section 20	Subject to the satisfaction of certain conditions, you have the right to sign a new Franchise Agreement for your Restaurant for a 10 year successor franchise under then-current Franchise Agreement. This new franchise agreement may have different terms and conditions such as a different protected area, higher royalty and/or advertising fees, no additional successor or renewal term upon expiration and other modifications to reflect that the new franchise agreement relates to the grant of a renewal. A different successor term other than a 10-year successor term may be offered as our sole and absolute right to determine, such as to match your (sub)lease.
c. Requirements for franchisee to renew or extend	Section 20	In order to be granted a successor franchise, you must: be in compliance with Franchise Agreement; maintain right to possession of premises for the term of successor franchise; give 360 days' notice; remodel prior to effective date of successor franchise; pay renewal fee; and sign a General Release ( <u>Exhibit 8 to the Franchise Agreement</u> ).
d. Termination by franchisee	Sections 18 and 23.17	You may terminate only if material breach by us and we have been given notice and a reasonable opportunity to cure of not less than 60 days (or longer if we cannot reasonably cure the breach within 60 days) or if the Restaurant is closed for more than 60 days by damage or destruction.
e. Termination by franchisor without cause	None	None
f. Termination by franchisor with cause	Section 18	Noncompliance or default.

Provision	Section in Franchise Agreement	Summary
g. <b>“Cause”</b> defined curable defaults	Section 18	Failure to pay fees, rent, taxes, default under any loan from us, failure to comply with standards, or default under lease.
h. <b>“Cause”</b> defined non-curable defaults	Section 18	Non curable defaults: Restaurant abandonment; bankruptcy; foreclosure; loss of lease; felony conviction; failure to meet development deadlines; unapproved assignment; health and safety violation; material misrepresentation; unfavorable conduct damaging the reputation of the brand; imminent danger (or perceived imminent danger) to public health & safety; failure to correct deficiency on Inspection Report causing any material adverse effect; repeated defaults even if cured.
i. Franchisee’s obligations on termination/non-renewal	Section 19	Pay amounts owed, discontinue use of Marks and confidential information; return materials; comply with covenant not to compete.
j. Assignment of contract by franchisor	Section 17	Assignee must assume all obligations.
k. <b>“Transfer”</b> by franchisee defined	Section 17	Includes sale, lease, assignment, encumbrance or any other transfer of any ownership interest, in the franchise agreement, franchise business, franchisee, Restaurant premises, Restaurant profits or assets.
l. Franchisor’s approval of transfer by franchisee	Section 17	Every transfer is subject to prior written approval by us. You may not transfer any interest to publicly-traded company.

Provision	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 17	<p>You and/or Assignee must:</p> <ul style="list-style-type: none"> <li>• pay the applicable assignment fee and any reimburse us for reasonable attorneys' fees;</li> <li>• have satisfactory operational and financial capability of assignee;</li> <li>• have satisfactory reputation and character of assignee;</li> <li>• sign the then current form of Franchise Agreement (which may contain terms that are materially different from those contained in the original Franchise Agreement);</li> <li>• remodel to current standards;</li> <li>• be in full performance and compliance by you under your Franchise Agreement;</li> <li>• execute a General Release (<a href="#">Exhibit 8 to the Franchise Agreement</a>);</li> <li>• execute a Consent to and Assignment of Franchise Rights (<a href="#">Exhibit 9 to the Franchise Agreement</a>); individual Assignee or those with 10% of more equity interest in assignee must sign personal guarantee and other with equity interest must sign Investor Covenants Regarding Confidentiality and Non-Competition (<a href="#">Exhibit 3 to the Franchise Agreement</a>);</li> <li>• Assignee must satisfy all other then-current criteria for new franchisees which criteria may change occasionally.</li> </ul>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 17	<p>We have to exercise our right within 30 days of your notifying us of terms and conditions and provide us with all information we request to evaluate the offer. If the assignment of your stock or other equity ownership interest is in an entity, we may purchase your interest together with the ownership interests of non-assigning shareholders, members, partners or other equity owners.</p>
o. Franchisor's option to purchase Franchisee's business	Section 19	<p>We have the right to purchase tangible Restaurant assets upon termination or expiration of Franchise Agreement.</p>
p. Death or disability of Franchisee	Section 17	<p>Must meet general assignment requirements.</p>
q. Non-competition covenants during the term of the franchise	Section 21.7	<p>No involvement in a quick-service restaurant or fast-food business which sells chicken and/or Mexican food products if those products represent more than 20% of the revenues from the quick-service restaurant or fast-food business operated at any one location during any calendar quarter.</p>

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 21.7	No involvement in a quick-service restaurant or fast-food business which sells chicken and/or Mexican food products, if those products represent more than 20% of the revenues from the quick-service restaurant or fast-food business, operated at any one location during any calendar quarter for 2 years within 5-mile radius of your Restaurant (subject to state law).
s. Modification of the agreement	Section 23.6	No modifications unless in writing signed by us and you.
t. Integrations/merger clause	Section 23.7	Franchise Agreement is complete and exclusive expression of agreement, other than the representations contained in this Disclosure Document.
u. Dispute resolution by mediation	Section 22	All disputes (other than a few specified exemptions) will attempt to be resolved first through negotiation and mediation.
v. Choice of forum	Section 23.8	Litigation must be in California (subject to state law).
w. Choice of law	Section 23.8	California law applies (subject to state law).
x. Waiver of punitive or exemplary damages	Section 23.9	Both parties waive their right to receive an award of punitive or exemplary damages.

Development Agreement

**This table lists important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this Disclosure Document.**

Provision	Section in Development Agreement	Summary
a. Length of the development term	Section 4 and Exhibit B	Earlier of termination date or date last Restaurant listed in Development Schedule opened.
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for developer to renew or extend	Not Applicable	Not Applicable.
d. Termination by developer	Section 10	You may terminate agreement upon our receipt of notice.
e. Termination by franchisor without cause	None	Not Applicable.
f. Termination by franchisor with cause	Section 11	Violation of any covenant term within the Development Agreement; inability to pay debts; assignment to creditors; order, judgment or decree requiring dissolution of the Developer; lien or other encumbrance on your property or assets; failure to comply with Development Schedule, bankruptcy, assignment without our prior written consent; abandonment of Restaurant.
g. "Cause" defined curable defaults	Section 11	Lien or other encumbrance on your property or assets.
h. "Cause" defined non-curable defaults	Section 11	Violation of any covenant term within the Development Agreement; Inability to pay debts; assignment to creditors; order, judgment or decree requiring dissolution of the Developer; failure to comply with Development Schedule, bankruptcy, assignment without our prior written consent; abandonment of Restaurant.
i. Developer's obligations on termination/non-renewal	None	You cannot either directly or indirectly, for itself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, own, operate, control or have any financial interest in any Competitive Business which is located or has outlets or restaurant units within the Territory. A "Competitive Business" means a self-service restaurant or fast-food business which sells chicken and/or Mexican food products, which products individually or collectively represent more than 20% of the revenues from such self-service restaurant or fast-food business operated at any one location during any calendar quarter.
j. Assignment of contract by franchisor	Section 8	Development Agreement is fully assignable by us.
k. "Transfer" by developer defined	Section 8	Sale, transfer, lease, merger, in whole or in part, by operation of law or otherwise.

<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
i. Franchisor's approval of transfer by developer	Section 8	Development Agreement is personal to you and you have no assignment rights.
m. Conditions for franchisor approval of transfer	Section 8	You must have our prior written consent which is our sole and absolute right; assignee must meet then-current criteria of Franchisor for new franchisees of EPL.
n. Franchisor's right of first refusal to acquire developer's business	None	Not Applicable.
o. Franchisor's option to purchase developer's business	None	Not Applicable.
p. Death or disability of Developer	Section 8.2	Development Agreement may not be assigned by operation of law.
q. Non-competition covenants during the term of the franchise	Section 20	No involvement in business that competes with EPL Restaurants or any of our affiliates.
r. Non-competition covenants after the franchise is terminated or expires	Section 20	No competing business for 2 years within the Territory (subject to state law).
s. Modification of the agreement	Section 15	No modification of the Development Agreement unless in writing signed by us and you.
t. Integrations/merger clause	Section 15	Only terms of Development Agreement are binding; other promises not enforceable.
u. Dispute resolution by mediation	Section 16	All disputes (except a few specified exemptions) will attempt to be resolved first through negotiation and mediation.
v. Choice of forum	Section 18	Litigation must be in California (subject to state law).
w. Choice of law	Section 18	California law applies (subject to state law).

## **ITEM 18: PUBLIC FIGURES**

We do not use any public figure in our franchise name or symbol or for the endorsement or recommendation of the sale of an El Pollo Loco® franchise to prospective franchisees.

## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may only be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Written substantiation for the following financial performance representations will be provided to you upon reasonable written request.

The following information reflects certain financial performance for Franchisor Restaurants and Franchised Restaurants in the United States (together “**EPL Restaurants**”) that were operating during the entire 2023 fiscal year (which started on December 29, 2022 and ended on December 27, 2023) excluding EPL Restaurants that were temporarily closed for seven or more days and that opened during 2023.

	Transferred to Franchisee from Franchisor	Temporarily Closed for 7 or More Days in 2023	Permanently Closed	Opened During 2023	Reporting Group
Franchised Restaurants	18	5	0	3	297
Franchisor Restaurants	5	1	0	2	169
<b>EPL Restaurants (Total)</b>	<b>23</b>	<b>6</b>	<b>0</b>	<b>5</b>	<b>466</b>

The reporting group of EPL Restaurants includes Franchised Restaurants that were transferred during our 2023 fiscal year in a Franchisee-to-Franchisee transfer but excludes EPL Restaurants that initially opened or closed permanently during our 2023 fiscal year. The reporting group also excludes EPL Restaurants that were the subject of a transfer between us and a Franchisee during our 2023 fiscal year.

The financial performance information presented consists of average net sales for all EPL Restaurants in the reporting group. We compiled the data for Franchisor Restaurants from our financial statements prepared internally by EPL’s management. Our results have not been compiled, reviewed or audited by EPL’s auditors. We compiled the data for Franchised Restaurants in the reporting group from the sales reports submitted to us by Franchisees, who prepared their reports internally. We have not independently audited or verified the information provided by Franchisees and do not know if all reporting Franchisees have prepared their sales reports on a basis consistent with generally accepted accounting principles.

We have used our discretion in deciding if an EPL Restaurant closure during our 2023 fiscal year was temporary or permanent. Temporary closures of the EPL Restaurant were due to fire, remodel or seasonal campus locations. To be counted as a temporary closure, the EPL Restaurant must have been closed to the public for more than 7 days.

#### Net Sales of EPL Restaurants for Fiscal Year 2023

The net sales of EPL Restaurants in the reporting group is presented below for the following building categories:

- a) EPL Restaurants with Drive-Thru (“**DT**”)
- b) EPL Restaurants without Drive-Thru (“**Others**”)
- c) All EPL Restaurants

		<b>(A)</b>		
		<b><u>EPL Restaurants with Drive-Thru</u></b>		
		<b>Franchise Restaurants</b>	<b>Franchisor Restaurants</b>	<b>Total EPL Restaurants</b>
<b>Tier 1 Top 25%</b>	Average Net Sales Per EPL Restaurant	3,216,309	3,036,922	3,149,979
	Median Net Sales Per EPL Restaurant	3,048,432	3,011,160	3,018,895
	Total # of EPL Restaurants	73	43	116
	No. of EPL Restaurants Over Average	32	16	47
<b>Tier 2 Mid-high 51% - 75%</b>	Average Net Sales Per EPL Restaurant	2,296,827	2,394,109	2,333,475
	Median Net Sales Per EPL Restaurant	2,303,715	2,420,934	2,320,345
	Total # of EPL Restaurants	62	39	102
	No. of EPL Restaurants Over Average	32	21	49
<b>Tier 3 Mid-low 26%-50%</b>	Average Net Sales Per EPL Restaurant	1,853,161	1,992,803	1,912,431
	Median Net Sales Per EPL Restaurant	1,841,159	1,986,838	1,916,118
	Total # of EPL Restaurants	64	39	103
	No. of EPL Restaurants Over Average	29	18	53
<b>Tier 4 Lowest 25%</b>	Average Net Sales Per EPL Restaurant	1,299,193	1,595,789	1,395,682
	Median Net Sales Per EPL Restaurant	1,371,068	1,637,056	1,447,353
	Total # of EPL Restaurants	61	37	97
	No. of EPL Restaurants Over Average	37	22	58
<b>Total All Restaurants</b>	Average Net Sales Per EPL Restaurant	2,211,719	2,283,047	2,238,680
	Median Net Sales Per EPL Restaurant	2,082,312	2,145,029	2,112,954
	Total # of EPL Restaurants	260	158	418
	No. of EPL Restaurants Over Average	116	73	187
	Maximum Sales	5,536,624	4,090,105	5,536,624
	Minimum Sales	546,363	851,782	546,363

		<b>(B)</b>		
		<b><u>EPL Restaurants without Drive-Thru</u></b>		
		<b>Franchise Restaurants</b>	<b>Franchisor Restaurants</b>	<b>Total EPL Restaurants</b>
<b>Tier 1 Top 25%</b>	Average Net Sales Per EPL Restaurant	2,725,438	n/a	2,854,212
	Median Net Sales Per EPL Restaurant	2,725,438	n/a	2,854,212
	Total # of EPL Restaurants	2	0	
	No. of EPL Restaurants Over Average	1	0	
<b>Tier 2 Mid-high 51% - 75%</b>	Average Net Sales Per EPL Restaurant	2,193,414	2,176,290	2,234,4962
	Median Net Sales Per EPL Restaurant	2,208,421	2,152,923	2,222,139
	Total # of EPL Restaurants	12	3	14
	No. of EPL Restaurants Over Average	7	1	5
<b>Tier 3 Mid-low 26%-50%</b>	Average Net Sales Per EPL Restaurant	1,794,873	1,966,591	1,905,618
	Median Net Sales Per EPL Restaurant	1,776,743	1,948,876	1,889,644
	Total # of EPL Restaurants	10	3	13
	No. of EPL Restaurants Over Average	5	1	5
<b>Tier 4 Lowest 25%</b>	Average Net Sales Per EPL Restaurant	1,266,992	1,546,638	1,372,155
	Median Net Sales Per EPL Restaurant	1,345,003	1,546,373	1,459,252
	Total # of EPL Restaurants	13	5	20
	No. of EPL Restaurants Over Average	8	2	13
<b>Total All Restaurants</b>	Average Net Sales Per EPL Restaurant	1,788,959	1,832,894	1,799,027
	Median Net Sales Per EPL Restaurant	1,811,265	1,902,355	1,742,221
	Total # of EPL Restaurants	37	11	48
	No. of EPL Restaurants Over Average	19	6	25
	Maximum Sales	2,854,212	2,227,346	2,854,212
	Minimum Sales	663,192	1,405,980	663,192

		<b>(C)</b>		
		<b>All EPL Restaurants</b>		
		<b>Franchise Restaurants</b>	<b>Franchisor Restaurants</b>	<b>Total EPL Restaurants</b>
<b>Tier 1 Top 25%</b>	Average Net Sales Per EPL Restaurant	3,203,219	3,036,922	3,147,451
	Median Net Sales Per EPL Restaurant	3,023,853	3,011,160	3,018,573
	Total # of EPL Restaurants	75	43	117
	No. of EPL Restaurants Over Average	34	16	47
<b>Tier 2 Mid-high 51% - 75%</b>	Average Net Sales Per EPL Restaurant	2,280,057	2,378,550	2,321,529
	Median Net Sales Per EPL Restaurant	2,265,250	2,391,885	2,313,807
	Total # of EPL Restaurants	74	42	116
	No. of EPL Restaurants Over Average	36	22	53
<b>Tier 3 Mid-low 26%-50%</b>	Average Net Sales Per EPL Restaurant	1,845,284	1,990,931	1,991,668
	Median Net Sales Per EPL Restaurant	1,834,045	1,985,295	1,910,565
	Total # of EPL Restaurants	74	42	116
	No. of EPL Restaurants Over Average	34	19	58
<b>Tier 4 Lowest 25%</b>	Average Net Sales Per EPL Restaurant	1,293,536	1,589,938	1,391,615
	Median Net Sales Per EPL Restaurant	1,367,556	1,626,719	1,452,822
	Total # of EPL Restaurants	74	42	117
	No. of EPL Restaurants Over Average	44	23	72
<b>Total All Restaurants</b>	Average Net Sales Per EPL Restaurant	2,159,052	2,253,747	2,193,394
	Median Net Sales Per EPL Restaurant	2,064,260	2,139,315	2,082,823
	Total # of EPL Restaurants	297	169	466
	No. of EPL Restaurants Over Average	131	74	205
	Maximum Sales	5,536,624	4,090,105	5,536,624
	Minimum Sales	546,363	851,782	546,363

## General Notes and Assumptions Relating to this Item 19

**Note 1:** You should evaluate the information provided in this **Item 19** in relation to the size of the EPL Restaurant that you will establish. Costs may vary significantly depending on size.

**Note 2:** We compiled the figures contained in this **Item 19** from our financial statements and from actual 52-week fiscal year and actual calendar year sales reports submitted to us by our franchisees.

**Note 3:** When evaluating the information provided in this **Item 19**, you should consider that the sales information provided by our franchisees and used by us in determining the numerical values provided has not been audited and has not necessarily been prepared on a basis consistent with generally accepted accounting principles.

**Note 4:** Sales information presented here is of actual historic results of specific EPL Restaurants located in the following states: Arizona, California, Colorado, Louisiana, Nevada, Texas and Utah as detailed below. You should evaluate the information presented in relation to the geographic area in which you will establish an EPL Restaurant. Item 20 below contains the number of EPL Restaurants in each state. EPL Restaurants generally have a stronger brand presence in those geographic areas in which there are more Restaurants and in which Restaurants have been open for a longer period of time. These Restaurants are comprised of various building sizes and building types however the typical size of an in-line EPL Restaurant without a drive-thru is approximately 1,800 to 2,000 square feet and the typical size of an EPL Restaurant with a drive-thru is approximately 1,900 to 2,800 square feet. Your results may vary depending on the size of your restaurant and its premises.

### Restaurants in Operation by State

Groups	AZ	CA	CO	LA	NV	TX	UT	Total
Reporting Group - Franchisor Restaurants	0	143	0	0	26	0	0	169
Reporting Group – Franchisee Restaurants	27	232	1	2	5	22	8	297
Reporting Group – EPL Restaurants (Total)	27	375	1	2	31	22	8	466

We do not authorize our employees or representatives to make any financial performance representations either orally or in writing, other than the information described in this item or for information which supplements these tables with respect to performance at particular locations or under particular circumstances. If you are purchasing an existing Restaurant, we may provide you with the actual records of that Restaurant. If you receive any other financial performance information or projections of your future sales, profits, earnings, or income, you should report such communications to our management by contacting our Chief Legal Officer, 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626, the Federal Trade Commission and the appropriate state regulatory agencies.

**Some Restaurants have sold and earned as much as reflected in this Item 19. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

**You are urged to consult with your financial, business and legal advisors in connection with the information listed in this Item 19.**

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 - Systemwide Outlet Summary for Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
FRANCHISED	2021	283	291	8
	2022	291	302	11
	2023	302	323	21
COMPANY-OWNED	2021	196	189	(7)
	2022	189	188	(1)
	2023	188	172	(16)
<b>TOTAL OUTLETS</b>	<b>2021</b>	<b>479</b>	<b>480</b>	<b>1</b>
	<b>2022</b>	<b>480</b>	<b>490</b>	<b>10</b>
	<b>2023</b>	<b>490</b>	<b>495</b>	<b>5</b>

Table No. 2 - Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2021 to 2023

State	Year	Number of Transfers
LOUISIANA	2021	0
	2022	2
	2023	0
TEXAS	2021	0
	2022	5
	2023	0
CALIFORNIA	2021	1
	2022	0
	2023	5
<b>TOTALS</b>	<b>2021</b>	<b>1</b>
	<b>2022</b>	<b>7</b>
	<b>2023</b>	<b>5</b>

Table No. 3 - Franchised Store Status Summary for Fiscal Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened (+)	Terminations (-)	Non Renewals (-)	Reacquired by Franchisor (-)	Ceased Operations Other Reasons (-)	Outlets at End of the Year
ARIZONA	2021	27	0	0	0	0	0	27
	2022	27	0	0	0	0	0	27
	2023	27	0	0	0	0	0	27
CALIFORNIA	2021	221	9	(1)	(1)	0	(1)	227
	2022	227	10	0	0	0	0	237
	2023	237	9	0	0	0	0	246
COLORADO	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
LOUISIANA	2021	1	1	0	0	0	0	2
	2022	2	2	0	0	0	(2)	2
	2023	2	0	0	0	0	0	2
NEVADA	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
TEXAS	2021	22	1	0	0	0	0	23
	2022	23	5	0	(1)	0	(5)	22
	2023	22	9	0	0	0	0	31
UTAH	2021	7	0	0	0	0	0	7
	2022	7	1	0	0	0	0	8
	2023	8	2	0	0	0	0	10
<b>TOTALS</b>	<b>2021</b>	<b>283</b>	<b>11</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>	<b>291</b>
	<b>2022</b>	<b>291</b>	<b>19</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>(7)</b>	<b>302</b>
	<b>2023</b>	<b>302</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>323</b>

Table No. 4 - Status of Franchisor Outlets for Fiscal Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened (+)	Outlets Reacquired by Franchisor (+)	Outlets Closed (-)	Outlets Sold to Franchisees (-)	Outlets at End of the Year (Note 1)
CALIFORNIA	2021	163	1	0	(1)	(8)	155
	2022	155	2	0	(2)	(3)	152
	2023	152	0	0	0	(8)	144
NEVADA	2021	23	1	0	0	0	24
	2022	24	2	0	0	0	26
	2023	26	2	0	0	0	28
TEXAS	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9
	2023	9	0	0	0	(9)	0
UTAH	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	(1)	0
TOTALS	<b>2021</b>	<b>196</b>	<b>2</b>	<b>0</b>	<b>(1)</b>	<b>(8)</b>	<b>189</b>
	<b>2022</b>	<b>189</b>	<b>4</b>	<b>0</b>	<b>(2)</b>	<b>(3)</b>	<b>188</b>
	<b>2023</b>	<b>188</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>(18)</b>	<b>172</b>

Table No. 5 - Projected Openings as of December 27, 2023

States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in Next Fiscal Year	Projected New Company-Owned Outlet in Next Fiscal Year
ARIZONA	0	0	0
CALIFORNIA	1	5	2
COLORADO	0	2	0
LOUISIANA	0	0	0
NEVADA	0	0	3
TEXAS	0	0	0
UTAH	0	1	0
INTERNATIONAL	0	3	0
<b>TOTALS</b>	<b>1</b>	<b>11</b>	<b>5</b>

Exhibit J lists the names of all current EPL franchisees and the addresses and telephone numbers of their Restaurants. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with El Pollo Loco, Inc. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Exhibit K lists the name, city and state, and current business telephone number of every franchisee who had a franchise terminated, canceled, not renewed by us or who otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with El Pollo Loco. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

### Franchisee Associations

The following franchise organization is associated with the EPL franchise system. This organization serves in an advisory capacity to EPL on a variety of issues, including advertising, product offering, supplies and operations:

Name: El Pollo Loco Franchise Association  
 Chairperson: Angel Lara  
 Mailing Address: c/o Ka Moa, LLC, 3700 Oceanic Way, suite 101, Oceanside, CA 92056, Attn: Angel Lara  
 Phone: (760) 721-3110 (Office); (949) 422-0388 (Mobile)  
 Fax: (760) 721-2496  
 Email: alara@peglion.com  
 Website: n/a

Franchisor has not received any requests from independent franchisee organizations to be included in this Disclosure Document.

## **ITEM 21: FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit L are the audited consolidated financial statements of EPLH which includes the consolidated balance sheets as of December 27, 2023 and December 28, 2022; and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years ended December 27, 2023, December 28, 2022, and December 29, 2021.

EPLH guarantees to assume the duties and obligations of EPL under the Franchise Agreements. A copy of the form of Guarantee is attached to this Disclosure Document as part of Exhibit M.

You must look only to EPL and EPLH and not to any other parent, to fulfill the franchisor obligations under your Franchise Agreement. There are no formal arrangements between any parent and EPL for your benefit, or on which you can rely.

## ITEM 22: CONTRACT

Attached as Exhibits to this Disclosure Document are the following contracts:

Franchise Agreement (“FA”)	Exhibit C
Memorandum of Opening Date	Exhibit 1 to the FA
Personal Guarantee of Franchise Agreement	Exhibit 2 to the FA
Investor Covenants regarding Confidentiality And Non-Competition	Exhibit 3 to the FA
Authorization Agreement for Prearranged Payments (ACH)	Exhibit 4 to the FA
El Pollo Loco® IT Support Services Agreement	Exhibit 7 to the FA
General Release	Exhibit 8 to the FA
Consent to and Assignment of Franchise Rights – Change of Ownership Interests in Franchisee Entity Change by Franchisee	Exhibit 9(A) to the FA Exhibit 9(B) to the FA
Amendment to FA to Apply Development Fee	Exhibit 10 to the FA
Amendment to Successor Franchise Agreement	Exhibit 11 to the FA
Remodel Schedule Participation Agreement	Exhibit 12 to the FA
Purchase Agreement (“PA”)	Exhibit D
Bill of Sale	Exhibit B to the PA
Sublease	Exhibit E
Personal Guarantee of Sublease	Exhibit A to Sublease
Master Lessor’s Consent	Exhibit B to Sublease
Franchise Development Agreement (“FDA”)	Exhibit F
Territory	Exhibit A to FDA
Development Schedule	Exhibit B to FDA
Existing El Pollo Loco® Restaurants in the Territory	Exhibit C to FDA
Investor Covenants Regarding Confidentiality and Non-Competition	Exhibit I

### Important Notice:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ITEM 23: RECEIPTS**

Copies of the Receipt are attached to the end of this Disclosure Document, following the Exhibits.

## **EXHIBIT A: STATE-SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT, FRANCHISE AND/OR DEVELOPMENT AGREEMENT**

The following are disclosures for the Multistate Disclosure Document of El Pollo Loco, Inc. required by various state franchise laws. Each provision of these disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently, without reference to these disclosures.

### California Disclosure

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.
2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchise concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law the law will control.
3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law 11 U.S.C.A. Sec. 101 et. seq.).
4. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside of the State of California.
7. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
8. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions

Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

9. With respect to the franchises governed by California law, El Pollo Loco, Inc. will comply with the California Franchise Relations Act, Section 20025, which requires except in certain specific cases, that a franchisee be given 180 days written notice for non-renewal of the franchise agreement.

10. Franchisor's Uniform Resource Locator ("URL") address is <https://elpollolocofranchising.com>.

11. OUR WEBSITE, [WWW.ELPOLLOLOCO.COM](http://WWW.ELPOLLOLOCO.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATIONS AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

12. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

13. The highest interest rate allowed by law in California for late payment is 10% annually.

14. The State of California also requires that the following Addendum to Franchise Agreement be included in the FDD.

15. Under California AB 1228, you must comply with the minimum wage standards for your employees beginning April 1, 2024. You must also adhere to certain working conditions, including health and safety standards and training, as set forth in the Operations Manual. Failure to comply could lead to violation of the law and possible fines and lawsuits brought by your employees.

## California Addendum to Franchise Agreement and Franchise Development Agreement

In recognition of the requirement of the California Franchise Investment Law, the parties to the attached EL POLLO LOCO® FRANCHISE AGREEMENT/FRANCHISE DEVELOPMENT AGREEMENT (“the Agreement”) agree as follows:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

If the Franchise Agreement/Franchise Development Agreement provides for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

If the Franchise Agreement/Franchise Development Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement/Franchise Development Agreement contains a covenant not to compete, that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, Franchise Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement/Franchise Development Agreement on the same day and year that the Franchise Agreement/Franchise Development Agreement has been executed.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

Illinois Addendum to Franchise Disclosure Document, Franchise Agreement and Franchise Development Agreement

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement/franchise development agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement/franchise development agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement/franchise development agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, Franchise Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement/Franchise Development Agreement on the same day and year that the Franchise Agreement/Franchise Development Agreement has been executed.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

Indiana Addendum to Franchise Disclosure Document, Franchise Agreement and Franchise Development Agreement

Section 23-2-2.7-1(2) and (4) of the Indiana Code states that “if a franchise agreement/franchise development agreement does not grant an exclusive territory, then a franchisor may not compete unfairly with a franchisee within a reasonable area.”

Section 23-2-2.7-1(9) of the Indiana Code states: “As a condition of the sale of a franchise, a franchisor may not require a prospective franchisee to covenant not to compete with the franchisor for a period longer than three (3) years, or in an area greater than the exclusive area granted by the franchise agreement, or, in absence of such a provision in the agreement, an area of reasonable size, upon termination or failure to renew the franchise.”

Section 23-2-2.7-1(5) of the Indiana Code states: “As a condition of the sale of a franchise, a franchisor may not require a prospective franchisee to assent to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under this subtitle.”

A provision in a franchise agreement regarding the imposition of liquidated damages is restricted or prohibited in the state of Indiana.

Section 23-2-2.7-1(10) of the Indiana Code states: “It is unlawful for any franchise agreement entered into between a franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana, to limit litigation brought for breach of the agreement in any manner whatsoever, therefore, a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void.”

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, Franchise Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement/Franchise Development Agreement on the same day and year that the Franchise Agreement/Franchise Development Agreement has been executed.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

Maryland Addendum to Franchise Disclosure Document, Franchise Agreement and Franchise Development Agreement

Any general release required of the prospective franchisee as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Act.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Maryland Franchise Registration and Disclosure Law states that as a condition of the sale of a franchise, a franchisor may not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under this subtitle.

Provisions in the Franchise Agreement or Franchise Development Agreement which provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et. seq.).

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, Franchise Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement/Franchise Development Agreement on the same day and year that the Franchise Agreement/Franchise Development Agreement has been executed.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

## Michigan Addendum to Franchise Disclosure Document

### **THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - i. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

- ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

THIS MICHIGAN NOTICE ONLY APPLIES TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHIES IN MICHIGAN.

Minnesota Addendum to Franchise Disclosure Document, Franchise Agreement and Franchise Development Agreement

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement/Franchise Development Agreement on the same day and year that the Franchise Agreement/Franchise Development Agreement has been executed.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

New York Addendum to Franchise Disclosure Document

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or

national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for a franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## Texas Addendum to Franchise Disclosure Document

1. Item 11: Under Training, the requirement to certify the General Manager and Assistant Manager will be modified by the addition of the following:

“In Texas, each and every shift must have a certified person in charge as indicated in the Operations Manual.”

2. Each provision of this addendum is effective only to the extent (with respect to such provision) that it would apply to your franchise or development rights, without reference to this addendum.

Virginia Addendum to Franchise Disclosure Document, Franchise Agreement and Franchise Development Agreement

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1- 574 applies, the terms of this Addendum apply.

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement/Franchise Development Agreement on the same day and year that the Franchise Agreement/Franchise Development Agreement has been executed.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

Washington Addendum to Franchise Disclosure Document, Franchise Agreement and Franchise Development Agreement

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions

contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, Franchise Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement/Franchise Development Agreement on the same day and year that the Franchise Agreement/Franchise Development Agreement has been executed.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

**EXHIBIT B: STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

Agents For Service Of Process

STATE	AGENT	ADDRESS1	ADDRESS2	CITY	STATE	ZIP	TELEPHONE
California	Department of Financial Protection and Innovation	320 W. 4 <sup>th</sup> Street	Suite 750	Los Angeles	CA	90013-2344	(866) 275-2677
Florida	Department of Agriculture and Consumer Services, Division of Consumer Services	P. O. Box 6700		Tallahassee	FL	32399-6700	(850) 410-3800 or (800) 435-7352
Hawaii	Department of Commerce and Consumer Affairs, Business Registration Division	335 Merchant Street	Room 203	Honolulu	HI	96813	(808) 586-2744
Illinois	Office of the Attorney General, Franchise Bureau	500 South Second Street		Springfield	IL	62706	(217) 782-4465
Indiana	Indiana Secretary of State, Securities Division, Franchise Section	302 West Washington Street	Rm E111	Indianapolis	IN	46204	(317) 232-6681
Maryland	Office of the Attorney General, Maryland Division of Securities	200 St. Paul Place		Baltimore	MD	21202	(410) 576-6360
Michigan	Michigan Attorney General's Office, Consumer Protection Division, Franchise Section	525 W. Ottawa Street	G. Mennen Williams Building, 1st Floor	Lansing	MI	48909	(517) 335-7632
Minnesota	Minnesota Department of Commerce, Registration and Licensing Division	85 Seventh Place East	Suite 280	St. Paul	MN	55101	(651) 539-1638
Nebraska	Department of Banking and Finance	P.O. Box 95006	1526 K St #300	Lincoln	NE	68508	(402) 471-3445
New York	New York State Department of Law, Investor Protection Bureau	28 Liberty Street	21st Floor	New York	NY	10005	(212) 416-8222
North Dakota	North Dakota Securities Department	600 East Boulevard Avenue	State Capitol, 5th Floor	Bismarck	ND	58505-0510	(701) 328-4712
Rhode Island	Department of Business Regulation, Securities Division, Franchise Section	1511 Pontiac Avenue	Building 69-1	Cranston	RI	02920	(401) 462-9527
South Dakota	South Dakota Department of Labor and Regulation, Division of Securities	124 S. Euclid Avenue	Suite 104	Pierre	SD	57501	(605) 773-3563
Virginia	State Corporation Commission, Division of Securities and Retail Franchising	1300 East Main Street	9th Floor	Richmond	VA	23219	(804) 371-9051
Washington	Securities Administrator, Department of Financial Institutions, Securities Division	P. O. Box 41200		Olympia	WA	98504-1200	(360) 902-8715 / (877) 746-4334

**EXHIBIT B: STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**Agents For Service Of Process

<b>STATE</b>	<b>AGENT</b>	<b>STREET</b>	<b>SUITE</b>	<b>CITY</b>	<b>ZIP</b>
Arizona	Corporation Service Company	8825 N. 23rd Avenue	Suite 100	Phoenix	85021
California (In connection w. the sale of Franchisees)	Department of Financial Protection and Innovation	1 Sansome Stret	Suite 600	San Francisco	94104
California (For all other matters)	Corporation Service Company Which Will Do Business In California As CSC-Lawyers Incorporating Service	2710 Gateway Oaks Drive	Suite 150N	Sacramento	95833-3505
Colorado	Corporation Service Company	1900 W. Littleton Blvd.		Littleton	80120
Louisiana	Corporation Service Company	450 Laurel Street	8th Floor	Baton Rouge	70801
Nevada	Corporation Service Company	112 North Curry Street		Carson City	89703
Texas	Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company	211 E. 7th Street	Suite 620	Austin	78701-3218
Utah	Corporation Service Company	15 West South Temple	Suite 600	Salt Lake City	84101
For All States Not Listed Above:	Corporation Service Company, d/b/a CSC-Lawyers Incorporating Service	2710 Gateway Oaks	Suite 150N	Sacramento	95833-3505

**EXHIBIT C: FRANCHISE AGREEMENT**



**EL POLLO LOCO® FRANCHISE AGREEMENT**

**Dated:** \_\_\_\_\_

<b>Location:</b>
<b>Franchisee:</b>
<b>Franchisee Notice Address:</b>
<b>Franchisee Notice Facsimile Number:</b>

(Disclosure Document Control No. 032724)

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## EL POLLO LOCO® FRANCHISE AGREEMENT

This El Pollo Loco® Franchise Agreement (this "**Agreement**"), dated for identification purposes only as of \_\_\_\_\_, 20\_\_\_\_, is made and entered into by and between **El Pollo Loco, Inc.**, a Delaware corporation (the "**Franchisor**"), and \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**" or "**you**").

**A.** Franchisor operates and franchises others to operate a number of retail outlets for the sale of fire-grilled food items and related products, in connection with the "**El Pollo Loco**" name and Franchisor's distinctive plan of food service operation (each, an "**EPL Restaurant**").

**B.** Franchisee desires to operate a restaurant under Franchisor's name and to utilize Franchisor's plan of food service operation, all in accordance with the terms, covenants and conditions of this Agreement.

**C.** Franchisee understands that the success of the business contemplated by this Agreement is subject to substantial risks and depends in large part on the business ability of Franchisee and its active participation in the development and management of the franchise business.

**D.** Franchisor and Franchisee (as Developer) entered into an El Pollo Loco® Franchise Development Agreement dated \_\_\_\_\_ ("**Development Agreement**") for the Territory set forth on Exhibit A of the Development Agreement, and for restaurants to be developed per the Development Schedule set forth on Exhibit B of the Development Agreement.

### 1. SCOPE AND PURPOSE OF AGREEMENT

**1.1.** Franchisee desires and agrees to operate and manage an "**El Pollo Loco**" restaurant to be located at \_\_\_\_\_ City of \_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_ (the "**Location**"). Franchisor owns certain proprietary and other property rights and interests in and to the "El Pollo Loco" trademark and service mark, and such other trademarks, service marks, logo types, insignias, trade dress designs and commercial symbols as Franchisor may from time to time authorize or direct Franchisee to use in connection with the operation of a EPL Restaurant (the "**El Pollo Loco® Marks**"). Franchisor has a distinctive plan for the operation of retail outlets for the sale of fire-grilled food items and related products, which plan includes but is not limited to the El Pollo Loco® Marks and the El Pollo Loco® Operations Manual (the "**Manual**"), policies, standards, procedures, recipes, signs (including traditional or digital menu boards) and related items, and the reputation and goodwill of Franchisor's chain of restaurants (collectively, the "**El Pollo Loco® System**") which may be periodically modified from time to time, and as provided in this Agreement. Therefore, in entering into this Agreement, Franchisee fully understands and agrees that this Agreement is conditioned upon the continued strict adherence by Franchisee to, and Franchisee agrees to comply with, all standards, policies, procedures and requirements published or which

may from time to time be published or otherwise brought to Franchisee's attention by Franchisor for the operation, maintenance or improvement of EPL Restaurants under the El Pollo Loco® System and the El Pollo Loco® Marks. Franchisee understands and agrees that strict adherence to these standards, policies, procedures and requirements is essential to the value of the El Pollo Loco® System and the El Pollo Loco® Marks.

**1.2.** Franchisee represents that it is experienced in and has independent knowledge of the nature and specifics of the restaurant business. Franchisee understands that there is not, nor can there be, any assurance or guarantee of success in the franchise business and that Franchisee's business ability and attitude are primary in determining Franchisee's success.

**1.3.** In consideration of the foregoing representations and agreements of Franchisee and other consideration as set forth herein, and subject to all of the terms, covenants and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts from Franchisor, the right and franchise to operate a EPL Restaurant under the El Pollo Loco® Marks and in accordance with the El Pollo Loco® System (the "**Restaurant**") at the Location.

**1.4.** Except as otherwise provided in this Agreement, after the date of this Agreement and during the term of this Agreement, and so long as Franchisee is in compliance with its obligations under this Agreement, Franchisor shall not, without Franchisee's prior written consent, establish or franchise any other person to establish, a standalone or traditional inline El Pollo Loco restaurant at any location within the "**Protected Area**" of one-half (0.5) mile radiating from your Restaurant. No Protected Area exists with respect to "**Ghost kitchens**" which we define as a professional food preparation and cooking facility set up for the preparation of delivery-only meals whether or not the facility produces menu items for multiple brands or just for EPL Restaurants. Additionally, no Protected Area exists for EPL Restaurants located in "**Non-Traditional Venues**," which we define as any of the following types of venues: regional shopping malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, military bases, entertainment centers, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care institutions, and similar types of captive market locations that we may designate. We will determine and designate those shopping malls that in our judgment qualify as a regional shopping mall based on the size of the shopping complex, number of anchor tenants, existence of dedicated parking space, existence of unrelated merchandisers, and prevailing consumer and industry perceptions. Franchisor and Franchisee retain all other rights and obligations in this Agreement including Franchisor's absolute right to establish or franchise any other person to establish and operate El Pollo Loco restaurants at any location outside the Protected Territory. Franchisor expressly retains all other rights and may, among other things, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any right therein:

**a.** Merchandise and distribute goods and services identified by the El Pollo Loco® Marks (including the same or similar products as sold by Franchisee at the

Restaurant) to customers at any retail location, regardless of its proximity to the Location, through any method or channel of distribution, including, without limitation, at retail locations such as grocery or convenience stores and via the Internet, telemarketing, and direct marketing means, or through other non-El Pollo Loco restaurants having the same or similar menu items or through any other distribution channel; and

**b.** Establish and operate and franchise other restaurants (not using the Marks) having the same or similar menu items, whether within or outside of the Protected Area.

**1.5.** It is expressly understood and agreed by the parties that Franchisee is and shall be an independent contractor, that Franchisee is not for any purpose an employee or agent of Franchisor, and that all of the personnel employed by Franchisee at the Restaurant will be employees or agents of Franchisee and will not be employees or agents of Franchisor. Franchisee understands and agrees that, as an independent contractor, it does not have the authority to do anything for or on behalf of Franchisor including, but not limited to, holding itself out as Franchisor; signing contracts, notes or other instruments; purchasing, acquiring or disposing of any property; or incurring any other obligation or liability. It is further understood and agreed by the parties hereto that no fiduciary relationship is intended or created by this Agreement.

## **2. THE EL POLLO LOCO® MARKS & SYSTEM**

**2.1.** Upon the terms, covenants and conditions contained herein and during the term hereof, Franchisee shall have the right to display and use the El Pollo Loco® Marks, but only for use in connection with retail sales and service of certain food products which Franchisee is required to prepare and sell to the general public in and at the Restaurant.

**2.2.** Nothing contained herein shall be construed as authorizing or permitting Franchisee to use the El Pollo Loco® Marks or the El Pollo Loco® System at any location other than the Location or for any purpose or in any manner other than that authorized herein; or in connection with the sale of any products for resale, or any products not required or approved by Franchisor, or any products prepared at any place other than at the Location; provided, however, that catering and special event sales may be undertaken by Franchisee in strict adherence with the limitations and procedures set forth in the Manual. Notwithstanding anything to the contrary contained herein, Franchisor may require Franchisee to discontinue the preparation, offer or sale of any product or item which, in the opinion of Franchisor or any of its representatives, does not conform to the quality standards or image of Franchisor and its products.

**2.3.** Nothing contained herein shall give Franchisee any right, title or interest in or to any of the El Pollo Loco® Marks excepting only the privilege and license, during the term hereof, to display and use the same according to the foregoing limitations. Any and all goodwill arising in connection with Franchisee's use of the El Pollo Loco® Marks and the El Pollo Loco® System shall belong to Franchisor.

**2.4.** The business franchised hereunder shall be named "**El Pollo Loco**" without any suffix or prefix attached thereto. Franchisee shall use signs (including traditional or digital menu boards) ("**Signs**") and other advertising which denote that the Restaurant is named "**El Pollo Loco**" and which are approved by Franchisor in advance. If Franchisee is an entity or if Agreement is transferred to an entity, the name of such entity shall not contain any of the El Pollo Loco® Marks.

**2.5.** Except as Franchisor may otherwise permit in writing, Franchisee shall not display or use the trademark, trade name, service mark, logo types, label, design or other identifying symbol or name of any other person, or entity in, on or at the Restaurant or the Location.

**2.6.** In all public records, in Franchisee's relationship with other persons or companies, and in any offering document, prospectus or similar document, Franchisee shall indicate clearly that Franchisee's business is independently owned and that the operations of said business are separate and distinct from the operation of Franchisor's business. Franchisee shall display at the Restaurant, in such locations as may be specified by Franchisor and in all correspondence and forms, a notification that the Restaurant is operated by an independent operator and not by Franchisor.

**2.7.** Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or in part, the El Pollo Loco® Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish from time to time.

**2.8.** Franchisor is the owner of, and will retain all right, title and interest in and to:

**a.** the domain names "**elpollo loco**" and "**crazychicken**;"

**b.** the URLs and/or websites:

[www.elpollo loco.com](http://www.elpollo loco.com)

[www.elpollo loco.net](http://www.elpollo loco.net)

[www.elpollo loco.org](http://www.elpollo loco.org)

[www.myepl.net](http://www.myepl.net)

[www.crazychicken.com](http://www.crazychicken.com)

[www.eplmarketing.com](http://www.eplmarketing.com)

[www.eplportal.com](http://www.eplportal.com)

[www.eplfranchisee.com](http://www.eplfranchisee.com)

[www.orderelpollo loco.com](http://www.orderelpollo loco.com)

**c.** all existing and future domain names, URLs, websites, future addresses and subaddresses using the El Pollo Loco® Marks in any manner;

**d.** all software; all content prepared for, or used on, the above Websites; and

- e. all intellectual property rights in and to any of them.

**2.9.** Franchisor reserves all rights to use the El Pollo Loco<sup>®</sup> Marks in any manner.

### **3. TERM**

**3.1.** The term of this Agreement shall commence on the date Franchisee first opens the Restaurant to the public (the "**Opening Date**") and shall end one day prior to the date which is the 20<sup>th</sup> anniversary of the Opening Date, unless sooner terminated as provided herein ("**Initial Term**"). Should Franchisee lease the site of the Restaurant, the lease or sublease must be for a term which with renewal options is not less than the Initial Term of this Agreement, and contain the provisions required in Section 2 of the Development Agreement. Should Franchisee be unable to lease the site of the Restaurant for a term equal to the Initial Term, then as our sole and absolute right to determine, the Initial Term of this Agreement may be reduced to match the term of the lease or sublease and the initial franchise fee ("**IFF**") will be appropriately pro-rated. Promptly following the Opening Date, the parties shall execute a Memorandum of Opening Date attached as Exhibit 1 which shall confirm the Opening Date; provided, however, if the parties fail to execute such Memorandum of Opening Date, the Opening Date shall be as determined in good faith by Franchisor. Upon the expiration or earlier termination of this Agreement, Franchisee shall have no right or option to extend the term of this Agreement. The sole conditions under which Franchisee will have the opportunity to obtain a successor franchise agreement upon the expiration of the term of this Agreement are set forth at Section 20.

### **4. SITE DEVELOPMENT**

**4.1.** After execution of this Agreement, Franchisee will be required to achieve certain milestones to assure the timely development of the Restaurant

**a.** Within 6 months following the date of Franchisor's execution of this Agreement, Franchisee must have completed all of the site development work (including, but not limited to, engineering, architectural/design, entitlements, and permitting) and commence construction of the Restaurant; and

**b.** Within twelve (12) months following the date of Franchisor's execution of this Agreement, or the date specified in the Development Agreement, if earlier, Franchisee must have completed construction of the Restaurant at the Location and the Restaurant shall be open to the public.

**4.2.** Franchisee understands and acknowledges that in accepting Franchisee's Location, or by granting a franchise for a Location (whether or not formerly operated as a Franchisor or franchisee-owned Restaurant), Franchisor does not in any way endorse, warrant or guarantee either directly or indirectly the suitability of such Location or the success of the franchise business to be operated by Franchisee at such Location. The

suitability of the Location and the success of the franchise business depends upon a number of factors outside of Franchisor's control including, but not limited to, Franchisee's operational abilities, site location, consumer trends and such other factors that are within the direct control of Franchisee. Franchisor may require, as a condition to its approval of a site, a **"Market Study"**, which shall include a site description and analysis, traffic and other demographic information and an analysis of the impact of the proposed site on other franchise restaurants surrounding or within the vicinity of such proposed site all in such format as the Franchisor may require. All such analyses, information and studies shall be prepared at the sole cost and expense of Franchisee.

**4.3.** If Franchisee purchases a currently operating Restaurant from Franchisor (a **"Turnkey Restaurant"**), then Franchisee shall begin operation of the Restaurant on the date possession of the Restaurant is transferred to Franchisee pursuant to the agreement entered into between Franchisee and Franchisor for the purchase of the Restaurant. Failure to do so shall constitute a material default hereunder. With respect to non-Turnkey Restaurants, failure to reach each milestone described in Section 4.1 above within the specified time frames shall constitute a material default hereunder. Prior to opening the Restaurant, Franchisee shall obtain and thereafter maintain throughout the term of this Agreement all necessary business licenses, permits and other documentation necessary for the operation of an El Pollo Loco<sup>®</sup> restaurant.

## **5. IMPROVEMENTS, FIXTURES AND EQUIPMENT**

**5.1.** If the Location is other than a Turnkey Restaurant, then this Section 5 will apply to the building, reconstruction, remodeling, or other changes necessary to conform the Location to the requirements set forth in this Section or as provided and updated by Franchisor from time to time in accordance with this Section.

**5.2.** Franchisee, at its sole expense, shall construct or, in the case of an existing building, remodel the Location and install such Signs, fixtures, furniture and equipment at the Location as are required in accordance with Franchisor's current requirements and specifications for same. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations. Franchisee shall obtain from applicable governmental authorities all permits, licenses and certifications required for lawful construction or remodeling work and for the operation of the Restaurant. If requested by Franchisor, Franchisee shall submit to Franchisor a copy of all such required permits, licenses and certifications for the construction or remodeling work prior to commencing the construction or remodeling of the Location.

**5.3.** Franchisor shall provide Franchisee with standard plans and a sample layout for a typical El Pollo Loco<sup>®</sup> restaurant and a set of typical construction, equipment and decor specifications (the **"Plans"**). At all times, Franchisee shall use its best efforts to treat and keep the Plans and the information contained therein as confidential as possible and limit access to the Plans to employees and independent contractors of Franchisee on a need to know basis only (including preferred development

professionals). Franchisee acknowledges that the unauthorized use or disclosure of Franchisor's Plans and the confidential information contained therein will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Franchisee accordingly covenants that without Franchisor's prior written consent, Franchisee shall not disclose (except to such employees, agents, contractors or subcontractors who must have access to such Plans in order to construct the Restaurant at the Location) or use or permit the use of such Plans (except as may be required by applicable law or authorized by this Agreement), or copy, duplicate, record or otherwise reproduce such Plans, in whole or in part, or otherwise make the same available to any person or source not authorized in writing by Franchisor to receive such Plans or the information contained therein at any time during the term of this Agreement or thereafter.

**5.4.** Franchisee, at its sole expense, shall employ licensed architects, designers, engineers, development consultants or others as may be necessary to complete, substitute, adapt or modify the Plans for the Restaurant so as to create a set of final plans and specifications. Creating a set of final plans and specifications may include, but is not limited to, adapting plans for structural engineering, architectural requirements, interior and exterior materials, locally available building materials, local weather requirements and federal, state and local code requirements. In some cases, these can lead to substantial changes and costs in the provided plans. FRANCHISEE SHALL SUBMIT TO FRANCHISOR A COMPLETE SET OF FINAL PLANS AND SPECIFICATIONS, INCLUDING A SITE PLAN, AND OBTAIN FRANCHISOR'S WRITTEN APPROVAL OF SUCH PLANS AND SPECIFICATIONS PRIOR TO COMMENCING THE CONSTRUCTION OF THE RESTAURANT OR, IN THE CASE OF AN EXISTING BUILDING, THE REMODELING WORK FOR THE RESTAURANT. Franchisor shall review such final plans and specifications promptly and approve or disapprove the same, and Franchisor may provide comments on the plans and specifications to Franchisee. Such review and approval by Franchisor will be limited to items and issues relating to the El Pollo Loco<sup>®</sup> System only and is not intended to be a verification or approval of the structure of the building, mechanical systems or document accuracy. Examples of conceptual areas related to the El Pollo Loco<sup>®</sup> System include Signs, logos, finishes, decor and aesthetics, guest comfort, and ability to serve food within Franchisor's standards for quality, timeliness and cleanliness.

**5.5.** Franchisee shall use a qualified licensed general contractor to perform the construction or remodeling work at the Restaurant. Franchisees general contractor shall provide a schedule to Franchisor before the start of construction. Franchisor shall not be responsible for delays in the construction, equipping or decoration of the Restaurant or for any loss resulting from the Restaurant design or construction. All changes in the Restaurant plans relating to the El Pollo Loco<sup>®</sup> System, as described in Section 5.4 above, to the construction or remodeling of the Restaurant or the implementation of such changes are subject to Franchisor's prior written approval. FRANCHISEE SHALL PROVIDE WRITTEN NOTICE TO FRANCHISOR OF THE DATE UPON WHICH CONSTRUCTION OF THE RESTAURANT COMMENCED WITHIN 7 DAYS AFTER COMMENCEMENT AND THEREAFTER SHALL PROVIDE TO FRANCHISOR MONTHLY PROGRESS REPORTS OF THE STATUS OF THE CONSTRUCTION

WORK SIGNED BY FRANCHISEE'S ARCHITECT OR GENERAL CONTRACTOR. Franchisee's failure to commence the design, construction or remodeling, equipping and opening of the Restaurant promptly and with due diligence shall be grounds for the termination of this Agreement. Franchisor shall make a final inspection of the completed Restaurant and Location and may require such corrections and modifications as it deems necessary to bring the Restaurant and the Location into compliance with approved final plans and specifications. FRANCHISEE SHALL NOTIFY FRANCHISOR OF THE DATE OF COMPLETION OF CONSTRUCTION AND, WITHIN A REASONABLE TIME THEREAFTER, FRANCHISOR SHALL CONDUCT THE FINAL INSPECTION OF THE RESTAURANT AND ITS PREMISES. Franchisee acknowledges and agrees that Franchisee shall not open the Restaurant for business without the express written authorization of Franchisor and that Franchisor's authorization to open shall be conditioned upon Franchisee's furnishing to Franchisor:

**a.** A letter from the general contractor responsible for the construction or remodeling of the Restaurant indicating that the Restaurant has been constructed or remodeled in substantial conformance with the approved final plans and specifications, including any changes thereto approved by Franchisor, and in accordance with all applicable state and local governmental laws, statutes and ordinances regulating such construction including, without limitation, building, fire, health and safety codes; and

**b.** A temporary or final Certificate of Occupancy issued by the applicable local governmental entity.

**5.6.** Franchisee shall, at its sole expense, purchase all required Signs, fixtures, furniture and equipment for the Restaurant and Location from a distributor listed on the Approved Brands and Distributors List (as defined below) or another distributor approved pursuant to Section 11.4. The items purchased shall be installed in strict accordance with the specifications of Franchisor and erected and displayed in the manner and at such locations as are approved and authorized by Franchisor in writing. Franchisee shall maintain and display Signs which reflect the current image of El Pollo Loco® restaurants and shall not place additional Signs at the Restaurant without the prior written consent of Franchisor. Franchisee shall discontinue the use of and remove, or modify, as applicable, such Signs that are declared obsolete by Franchisor within 30 days after Franchisee's receipt of Franchisor's written request, subject to reasonable extension if Franchisee is unable after using reasonable diligence to obtain required governmental approvals for modification of such Signs. Proper signage is fundamental to the El Pollo Loco® System and Franchisee hereby grants to Franchisor the right to enter the Location, including the Restaurant and any nearby areas where Signs are displayed, in order to remove and de-identify any unapproved or obsolete Signs in the event Franchisee has failed to do so within the above-specified time frame.

**5.7.** Franchisee is solely responsible for the acts or omissions of its contractors regarding compliance with all of the provisions of this Section 5, and Franchisor shall have no responsibility for such acts or omissions. Franchisor shall not be liable for any loss or damage arising from the design or plan of the Restaurant by reason of its approval of

plans and specifications, or otherwise. Franchisee shall indemnify Franchisor for any loss, cost or expense, including attorneys' fees, that may be sustained by Franchisor because of the acts or omissions of Franchisee's contractors or arising out of the design, construction or remodeling of the Restaurant, except to the extent that any such loss, cost or expense arises as a result of the grossly negligent acts or omissions of Franchisor, its employees and/or agents.

**5.8.** Franchisee shall give to Franchisor at least 30 days prior written notice of the anticipated Opening Date. Franchisee shall not open the Restaurant to the public until it has received written approval from Franchisor to open. If Franchisee did not deliver to Franchisor a final Certificate of Occupancy prior to the Opening Date, Franchisee shall deliver to Franchisor a copy of an unconditional final Certificate of Occupancy issued by the applicable local governmental entity no later than 90 days following the Opening Date.

## **6. FEES, TAXES AND OTHER CHARGES**

**6.1.** Franchisee shall pay to Franchisor during the term of this Agreement the following nonrefundable fees:

**a.** An IFF of \$40,000.00, in full within 30 days of delivery of execution copies of this Agreement to Franchisee; provided, however, if the Restaurant is a Turnkey Restaurant the IFF shall be payable upon execution of this Agreement. As our sole and absolute right to determine, you may be offered an Initial Term of less than 20 years and as such, the IFF will be appropriately pro-rated. All such payments shall be made by cashier's check or other form of payment acceptable to Franchisor. Franchisee hereby acknowledges and agrees that the grant of this franchise constitutes the sole and only consideration for the payment of the IFF and the IFF shall be fully earned by Franchisor upon execution of this Agreement. In that regard, upon the payment of any portion of the IFF, the entire IFF shall be deemed fully earned and non-refundable in consideration of the administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise to others.

**b.** A monthly royalty fee equal to 5% of Franchisee's immediately prior month's Net Sales (as defined in Section 7.1).

**c.** A monthly advertising fee, which shall be used in accordance with Section 8, for advertising, public relations and promotion and for the creation and development of advertising, public relations and promotional campaigns ("**Advertising Fee**"), in the amount of: (i) 5% of Franchisee's immediately prior month's Net Sales, as defined in Section 7.1 if the Restaurant is located outside of the Los Angeles ("**LA**") Designated Market Area ("**DMA**") or (ii) 4% of Franchisee's immediately prior month's Net Sales, as defined in Section 7.1 if the Restaurant is located within the LA DMA. If the Restaurant is located within the LA DMA, the Advertising Fee may be increased, as our sole and absolute right to determine, to not more than 1% above your original Advertising Fee during the Initial Term of this Agreement and upon 90 days written notice to you. Some existing franchisees may pay a lower Advertising Fee. Restaurants owned and

operated by us will contribute on the same basis as those existing franchisees within the same DMA. Franchisor also reserves the right to increase the Advertising Fee in the future by a voting mechanism. Except as otherwise provided in existing franchise agreements, each operating restaurant (both company-owned and franchised restaurants) located in the geographical area that would be affected by such an increase in the Advertising Fee shall be entitled to one vote. Franchisor must gain an approval vote of 51% of all such operating restaurants within the applicable geographical area. The minimum geographical area that would be affected by such an increase would be no smaller than a local DMA, although, multiple local DMAs may be involved.

**d.** The amount of all sales taxes, use taxes and similar taxes imposed upon or required to be collected or paid by Franchisor on account of goods or services furnished to Franchisee by Franchisor, whether such goods or services are furnished by sale, lease or otherwise. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee.

**e.** Monthly “**POP Fees**” for in-restaurant and drive-thru point-of-purchase materials.

**f.** Monthly “**Gift Card Discount Fees**” associated with the sale of gift cards (charged to the restaurant that redeemed the gift cards and earned the sales revenue)

**g.** Franchisee’s pro-rata share of costs for the Customer Feedback Program(s) (“**Customer Feedback Costs**”).

**h.** “**Re-inspection Fees**” per re-inspection of Franchisee’s Restaurant (required if a deficiency or unsatisfactory condition is noted and a subsequent re-inspection is necessary to determine if the deficiency or unsatisfactory condition has been cured) and “**Coaching Fees**” (required if coaching sessions are required as determined by Franchisor in our sole and absolute right in certain circumstances).

**i.** A surcharge for each case of chicken (Whole Birds and Saddles) ordered by franchise and company operators as contributions to the obsolete inventory fund (the “**Obsolete Inventory Fund**”) used to pay for pertinent, unsold inventory of qualified suppliers at the conclusion of limited time promotions and to expedite the delivery of products for situations in which sales exceed prior forecasts. We periodically review the added cost per case and as our sole and absolute right, determine whether to increase or decrease the cost per case.

**j.** **Training fees**, beyond the initial training provided, shall be due and payable upon receipt of invoice.

**k.** Monthly “**Learning Management System Fees**”, associated with Pollo Zone, shall be due and payable on the tenth (10th) day after the close of the sales month.

**I. Assignment Fees.** Should Franchisee wish to transfer this Agreement with Franchisor's consent, Franchisee will pay the appropriate fee described below (each, an "**Assignment Fee**"):

**i. New Franchisee Transfer Administration Fee.** Transfer fee equal to 40% of the then-current IFF for transfers to new franchisees ("**New Franchisee Transfer Administration Fee**") due before transfer or within 7 days of receipt of bill, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

**ii. Existing Franchisee Transfer Administration Fee.** Transfer fee equal to 25% of the then-current IFF for transfers to existing franchisees ("**Existing Franchisee Transfer Administration Fee**") due before transfer or within 7 days of receipt of bill, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

**iii. Entity Administration Fee.** \$500 administrative fee for either a change of form of entity or entity name change, with no change in principals ("**Entity Administration Fee**") due with Franchisee's transfer request plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

**iv. Trust Transfer Administration Fee.** \$500 a transfer of franchise ownership to a revocable family trust ("**Trust Transfer Administration Fee**") due with Franchisee's transfer request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

**v. New Principal Administration Fee.** \$2,500 per new principal administrative fee for when Franchisee desires to add new principals to the Franchisee or any Franchisee entity ("**New Principal Administration Fee**") due with Franchisee's transfer request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

**m. Successor Fees.** Should Franchisee exercise the right to renew this Agreement, Franchisee will pay the renewal fee described in Section 20 of this Agreement to be fully paid upon Franchisee's signing of the successor franchise agreement plus Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the successor franchise agreement documentation or (ii) upon receipt of invoice.

**n. "New Restaurant Opening Support Fees"** as described in Section

16(h) of this Agreement, payable in full within 7 days of invoice to Franchisee.

**o. Computer-based Cash Control System and Restaurant Management/Point of Sale System** to be paid in full within 7 days of invoice by Franchisor to Franchisee.

**p. Digital Communication Board** to be paid in full within 7 days of invoice by Franchisor to Franchisee.

**6.2.** Franchisee shall pay interest to Franchisor on any amounts which may become due to Franchisor from Franchisee, if such are not paid when due, at the rate of 15% per annum (pro-rated) or the maximum interest rate permitted by law, whichever is less.

## **7. FINANCIAL REPORTING, BILLING AND PAYMENT**

**7.1.** The term "**Net Sales**" as used in this Agreement shall mean the total revenues derived by Franchisee in and from the Restaurant from all sales of food, goods, wares, merchandise and all services, rights, and anything else of value, made in, upon, or from the Restaurant, whether for cash, check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including, without limitation, all revenues derived from delivery, curbside pickup orders, catering, and special event sales, such sales and services where the orders therefor originate at and are accepted by Franchisee into the Restaurant but delivery or performance thereof is made from or at any other place, or other similar orders are received or billed at or from the Restaurant, and any sums or receipts derived from the sale of meals to employees of the Restaurant. Net Sales is calculated after any rebates, discounts, coupons or refunds to customers, any employee meal discounts; any Loyalty Reward points or discounts. Net Sales do not include any sales taxes or other similar taxes that Franchisee collects from customers and pay to any federal, state or local taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from "Net Sales" as circumstances, business practices, and technology change.

**7.2.** Franchisee shall deliver to Franchisor on or before the sixth (6th) calendar day after each close of the sales month, a monthly Net Sales statement ("**Monthly T-Sheet**"), in the form specified by Franchisor, setting forth the amount of Net Sales for the preceding month and a calculation of the monthly fees payable on such sales. Monthly fees, such as Royalty Fees and Advertising Fees, in addition to other fees such as POP Fees, Gift Card Discount Fees, Customer Feedback Costs, Re-Inspection Fees and Coaching Fees (hereinafter collectively will be referred to as "**Fees**") shall be due and payable on the tenth (10<sup>th</sup>) day after the close of the sales month, which closing shall be designated by El Pollo Loco® as its sole and absolute right upon 10 days advance written notice to Franchisee ("**Sales Month Closing**"). Franchisee shall make all payments due hereunder by pre-arranged draft or sweep of Franchisee's business bank operating account ("**ACH**"). Franchisee will give Franchisor authorization in the format set forth in

the Authorization Agreement for Prearranged Payments, Exhibit 4 attached hereto for direct debits from Franchisee's business bank operating account (the "**Operating Account**"). Franchisee acknowledges it is Franchisee's responsibility to notify Franchisor of any changes to the bank operating account in a timely fashion. Franchisor may choose, as its sole and absolute right, to accept other forms of payment including check, cashier's check and Electronic Funds Transfer ("**EFT**"). Franchisee will contribute to the Obsolete Inventory Fund as described above. Contributions are payable to the vendor at the time of inventory purchase.

**7.3.** If Franchisee is delinquent in any payment of such Fees, or if Franchisee has not submitted the Monthly T-Sheet for more than a two-month period when due, Franchisor may, as its sole and absolute right initiate an ACH or/and EFT transfer from the Operating Account an estimated amount of Fees due Franchisor for such period which shall be based on the average of the immediately preceding 3 months' Net Sales. If, at any time, Franchisor determines that Franchisee has under-reported the monthly Net Sales of the Restaurant, or underpaid the monthly Royalty Fees, Advertising Fees, or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may, in addition to exercising all other rights and remedies available to it under this Agreement, initiate an immediate transfer from the Operating Account in the amount equal to the unpaid Fees in accordance with the foregoing procedure, including interest as provided in Section 6.2 above. Any overpayment of Fees will be credited to the Operating Account effective as of the first due date after Franchisor and Franchisee determine that such credit is due.

**7.4.** In connection with payment of the monthly Fees by ACH or EFT, Franchisee shall: (1) comply with procedures specified by Franchisor relating to ACH or EFT transfers; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by ACH or EFT as described in Sections 7.2 and 7.4; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Operating Account for payments of the monthly Royalty Fees and Advertising Fees, or other amounts due to Franchisor under this Agreement, or any other agreement, including any interest charges; and (4) make sufficient funds available in the Operating Account for withdrawal by ACH or EFT of Fees due no later than each applicable due date.

**7.5.** In addition to the sales data required to be provided in the Monthly T-Sheet to be delivered pursuant to Section 7.2, Franchisee shall deliver (in the manner prescribed by Franchisor) to Franchisor, on or before the 10<sup>th</sup> day after the end of each sales month during the term of this Agreement, any other sales and menu mix data reasonably requested by Franchisor with respect to the preceding sales month, whether specified in the Manual or otherwise.

**7.6.** Within 30 days after the end of each calendar quarter and within 120 days after the end of each calendar year during the term of this Agreement, Franchisee shall provide to Franchisor a financial statement of the franchise business which shall include such information and data as specified in the financial reporting format set forth in Exhibit

6 attached hereto or in such other format reasonably approved by Franchisor. Such fiscal year-end financial statements must be signed by Franchisee, Franchisee's treasurer or Franchisee's chief financial officer and contain a representation that the financial statements present fairly the financial position of Franchisee and the results of operations of the franchise business during the period covered.

**7.7.** Franchisee shall make all payments when due to third parties for obligations arising out of or in any way connected with the existence, operation or maintenance of the Restaurant, including, but not limited to, rental and mortgage payments and payments for utilities, services, products, equipment, supplies, goods, inventory, materials, taxes, labor and other matters. In the event that Franchisee fails to make any such payment in accordance with the foregoing and the nonpayment results or may reasonably result in a condition or event which threatens public safety or health or which may materially and adversely affect the ownership, condition or operation of the Restaurant, in either case in the reasonable judgment of Franchisor, Franchisor shall have the sole and absolute right, after 5 days written notice to Franchisee, but not the obligation, to make such payment on behalf of Franchisee. Such payment shall be without prejudice and in addition to all other available rights and remedies. Any payment made by Franchisor pursuant to this Section shall be paid by Franchisee to Franchisor as an additional amount for the monthly billing period in which such payment is made by Franchisor.

**7.8.** Franchisee shall maintain accurate and complete books and records pertaining to the operation and maintenance of the Restaurant as required by the standards, policies and procedures established by Franchisor in accordance with the Manual. Franchisee shall be solely responsible for performing all record keeping duties, and the cost for all such services shall be borne solely by Franchisee.

**7.9.** Franchisee shall obtain, install, and use the computer system that Franchisor requires or approves in writing. The term "**Computer System**" means communications, computer systems, and hardware to be used by the Restaurant, including (a) back office and point of sale systems, (b) cash register systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (for example, Franchisee's telecommunications connection). In connection with the Computer System:

**a.** Franchisee must obtain, install, and use the computer software programs required by Franchisor (the "**Required Software**") from time to time. Franchisee must utilize any proprietary software program that Franchisor has developed or may develop, internally or with the assistance of outside suppliers or consultants, or that Franchisor may license for use by the El Pollo Loco<sup>®</sup> System.

**b.** Franchisor may modify specifications for and components of the Computer System and Required Software. The Computer System and Required Software must be purchased or leased from Franchisor or from suppliers approved by Franchisor and must be installed by Franchisor or by suppliers approved by Franchisor solely at Franchisee's expense. Franchisor may be the only approved supplier of the Computer

System and Required Software. Franchisee is responsible, at Franchisee's expense, to ensure that all Computer System components and Required Software are: (i) installed in accordance with Franchisor's standards and procedures; (ii) functioning properly with timely upgrades, updates, modifications, and maintenance; and (iii) can interface with Franchisor's computer system. Franchisee has sole and complete responsibility for any and all consequences if the Computer System and Required Software is not properly operated, maintained, updated, modified, and upgraded. Franchisor's modification of specifications for the Computer System and Required Software may require Franchisee, at Franchisee's expense, to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities and to obtain service and support for such modifications. Franchisee shall be required to enter into an El Pollo Loco® IT Support Services Agreement (a "**Support Agreement**") in connection with the operation of the Computer System. The Support Agreement is attached to this Agreement as Exhibit 7. Franchisee agrees that Franchisor may condition any license of proprietary software to Franchisee, or your use of technology that Franchisor develops or maintains, on you signing the software license agreement or similar document Franchisor provides to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. Franchisor may charge Franchisee up-front and ongoing weekly or monthly fees for any proprietary software or technology Franchisor licenses to Franchisee and for other maintenance and support services provided during this Agreement's term.

**c.** The Computer System is for use by Franchisee only in connection with operational and management tasks of the Restaurant. Franchisee may not use the Computer System for email, word processing, spreadsheets, web surfing, or any other personal application or purpose not approved in writing by Franchisor ("**Personal Applications**"). However, Franchisee may run such Personal Applications on a separate personal computer and network provided by Franchisee, but the personal computer and network must run in "**stand alone, isolated mode**" and Franchisee must not interconnect such computer(s) with the Computer System. Franchisor reserves the right to require Franchisee to shut down Personal Applications interfaces if Franchisor determines that such interfaces interfere with the Computer System operations, or the operation of the Restaurant. In addition, Franchisee will only install Franchisor approved Wi-Fi hardware to ensure security and controls are in place to protect and segment networks.

**d.** Franchisor shall have the right from time to time, and at any time, to retrieve data and information from Franchisee's Computer System, by modem or other means, and use it for any reasonable business purpose both during and after the term of this Agreement. Franchisor may, from time to time, specify in the Manual or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained.

**7.10.** All of the accounts, books, records and federal, state and local tax returns and reports of Franchisee, so far as they pertain to the business transacted under this Agreement, shall be open to inspection, examination and audit by Franchisor and its

authorized representatives at any and all times, and copies thereof may be made by Franchisor and retained for its own use. All of such records shall be maintained and retained by Franchisee for 7 years, and following the termination or expiration of this Agreement, the books and records for the preceding 7 years shall be maintained and retained by Franchisee for 5 years. Franchisor may inspect, examine audit and copy any and all books and records of the Franchisee's business. Any such inspection, examination and audit shall be at Franchisee's cost and expense as a result of Franchisee's failure to prepare and deliver its transmittal reports to Franchisor as required herein, or to maintain books and records as hereinabove provided, or if any such transmittal report is determined to be in error to an extent of 2% or more for the period audited. Any such cost and expense shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee.

**7.11.** Franchisee shall sell or otherwise issue the stored value cards or gift cards and certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another EPL Restaurant or purchased at any other location including without limitation, retail stores, internet sales or other means of distribution. Franchisee shall sell, issue, and redeem (without any offset against any royalty fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manual or otherwise in writing (the "**Gift Card Program**"), including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other EPL Restaurants and for making timely payment to Franchisor, other operators of EPL Restaurants, or a third-party service provider for Gift Cards issued from the EPL Restaurant that are honored by Franchisee, Franchisor or other EPL Restaurant operators. Franchisee acknowledges and agrees that, in connection with the Gift Card Program, Franchisee may be required to:

- a.** Enter into a separate agreement with a third-party provider of Gift Card services under the terms and conditions as may reasonably be required by such third party for participation in the Gift Card Program;
- b.** Purchase and maintain a sufficient number of Gift Cards, in a form approved by Franchisor, as may reasonably be required for participation in the Gift Card Program;
- c.** Purchase or upgrade, as applicable, such hardware, software and equipment as shall be necessary to participate in the Gift Card Program;
- d.** Promote and sell the Gift Cards in Franchisee's Restaurant using only marketing methods and materials approved by Franchisor;
- e.** Comply in all material respects with all applicable laws, statutes and

regulations in performing Franchisee's obligations under this Agreement and otherwise in connection with Franchisee's participation in the Gift Card Program; and

**f.** Execute such forms or documents or take such other actions reasonably necessary or requested by Franchisor to effectuate Franchisee's participation in the Gift Card Program.

**7.12.** Franchisee acknowledges and agrees that Franchisor reserves the right to discontinue or modify the Gift Card Program at any time, as its sole and absolute right. Upon receipt of written notice from Franchisor of its intent to discontinue or modify the Gift Card Program, Franchisee shall, as applicable, immediately cease offering and accepting Gift Cards and/or make such modifications as Franchisor shall require.

**7.13.** Franchisee shall participate in the Remote Ordering System (including, but not limited to, website and mobile application ordering and payment), Loyalty Program, Third Party Delivery Program, and Digital Menu Boards Program (collectively referred to as "**Programs**"). Franchisee shall comply with procedures and policies of the Programs specified by Franchisor in the Manual or otherwise in writing, including those relating to making timely payment to third-party service providers for such Programs. Franchisee acknowledges and agrees that, in connection with the Programs, Franchisee may be required to:

**a.** Enter into a separate agreement with third party service providers of the Programs under the terms and conditions as may reasonably be required by such third parties for participation in the Programs;

**b.** Purchase or upgrade, as applicable, such hardware, software and equipment as shall be necessary to participate in the Programs;

**c.** Comply in all material respects with all applicable laws, statutes and regulations in performing Franchisee's obligations under this Agreement and otherwise in connection with Franchisee's participation in the Programs; and

**d.** Execute such forms or documents or take such other actions reasonably necessary or requested by Franchisor to effectuate Franchisee's participation in the Programs; and

**e.** Accept credit cards and mobile payments for orders made through these and other programs or product distribution channels, not imposing any minimum amount for the acceptance of any payment method.

**7.14.** We may discontinue or modify the Programs at any time, and upon receiving notice from us that we intend to do so, you must immediately cease the Programs or make the modifications that we require.

**7.15.** Franchisee acknowledges and agrees that it is in the best interest of the

business conducted at the Restaurant and the System as a whole, to participate in the Payment Card Industry (“**PCI**”) Data Security Standard (“**DSS**”) Program offered through a third party vendor. This is a set of security requirements that uses current technology and physical security best practices to protect credit cardholder data. The size of Franchisee’s business and the number of transactions processed by Franchisee will determine Franchisee’s specific requirements for achieving PCI compliance. Currently, the monthly cost of quarterly firewall scans is included with the Micros Platinum service monthly fees; however, such monthly cost may increase as detailed in the El Pollo Loco® IT Support Services Agreement, attached and incorporated herein as Exhibit 7. If Franchisee is found to be non-compliant with the PCI/DSS and remediation is required, a third party vendor will work directly with Franchisee to resolve any outstanding issues and Franchisee may have to pay additional fees. All franchisees are required to participate in this program from a third party vendor as to which we, as our sole and absolute right, may require approval. Franchisee further promises that the results of the PCI review of Franchisee’s operations, in so far as they pertain to the business transacted under this Agreement, shall be open to inspection, examination and audit by Franchisor and its authorized representatives at any and all times, and copies thereof may be made by Franchisor and retained for its own use. All of such records shall be maintained and retained by Franchisee as required by the PCI DSS. Franchisee understands and agrees that Franchisee is solely responsible for meeting the requirements for the PCI DSS Program. Failure to do so shall be considered grounds for termination of this Agreement as provided in Section 18 hereof.

## **8. ADVERTISING AND MARKETING**

**8.1.** Recognizing the value of marketing and advertising to the goodwill and public image of the El Pollo Loco® System, Franchisor administers funds for advertising, public relations, marketing research and promotion into which franchisees contribute an Advertising Fee. El Pollo Loco® restaurants owned and operated by Franchisor contribute on the same basis as franchisees within the same DMA.

**8.2.** The entire Advertising Fee will be deposited into the “**Advertising Fund**” to be allocated as Franchisor’s sole and absolute right.

**8.3.** Franchisor shall have the sole and absolute right to determine the expenditures, investments and all aspects of activities funded by the Advertising Fund, including media plans and buying, creative concepts, materials, endorsements and agency relationships. The Advertising Fund may be used to pay for production costs for materials and programs Franchisor chooses, including advertising agency fees, market research, concept development, design development (store prototypes and advertising), product research and development, video, audio, electronic, written advertising materials, media and public relations programs, reimbursement for Franchisor’s direct overhead and personnel costs to fulfill our obligations to Franchisee in connection to the Advertising Fund and other uses that Franchisor determine to be appropriate and beneficial for some or all EPL Restaurants. The Advertising Fund will be accounted for separately from Franchisor’s other funds. Although it has been Franchisor’s practice to spend all

advertising funds in the fiscal year in which they are collected, Franchisor reserves the right to spend such advertising funds in the next fiscal year to the extent Franchisor deems appropriate. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions made by EPL Restaurants to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or from other lenders to cover deficits in the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. Upon request, but not more frequently than annually, Franchisor will provide Franchisee with a written description of the expenditures made by the Advertising Fund during the fiscal year immediately preceding the request of the advertising fees received from franchisees. The statement of expenditures is not required to be audited.

**8.4.** If Franchisee's Restaurant is located outside the LA DMA, Franchisor may allocate a portion of Franchisee's Advertising Fee, in the amount that we determine in our discretion, to a Local Advertising Fund ("LAF") and control all decisions regarding the use of the LAF. Franchisee will be required to pay the Advertising Fee to Franchisor at the same time as Franchisee's royalty payments pursuant to the Authorization Agreement for Prearranged Payments (Exhibit 4 to this Agreement). Franchisee must use current approved vendors for Franchisee's advertising order, and Franchisor will pay the approved vendor directly upon approval of the order and confirmation of receipt of the order with Franchisee. The LAF monies will also be used to reimburse Franchisee for the cost of implementing local marketing plans developed by Franchisee and approved in writing by Franchisor (up to an amount not to exceed the LAF contributions collected). For these purposes, qualifying LAF expenditures include, but are not limited to: (a) amounts contributed to Advertising Associations (defined below); and (b) amounts spent for advertising media, such as television, radio, newspaper, billboards, posters, direct mail, collateral and promotional items, advertising on vehicles (excluding the cost of any vehicle), and, if not provided by Franchisor, the cost of producing approved materials necessary to participate in such media. Non-qualifying LAF expenditures include amounts spent for items which Franchisor, in its reasonable judgment, deems inappropriate for meeting the minimum advertising requirement, including, but not limited to: permanent on-premises Signs and traditional or digital menu boards, transportation vehicles, marketing personnel salaries, public relations or advertising agency retainer, highway signs or any other signage for directional purposes only, store labor costs associated with the execution of any marketing program, lighting, administrative costs, Yellow Pages advertising, discounts/coupons offers, free offers, employee incentive programs, and any unapproved marketing or advertising materials.

**8.5.** Franchisee shall not engage in any advertising activities without Franchisor's prior written consent. Should Franchisee submit advertising that is not approved by Franchisor, Franchisee will be required to revise and resubmit such advertising again for written approval, prior to use of such advertising. Franchisee shall submit to Franchisor for Franchisor's prior approval, at least 30 days prior to the beginning of each fiscal year, a marketing plan for Franchisee's DMA. This marketing plan may be submitted by all franchisees in Franchisee's DMA through an area advertising association. If Franchisee is using materials not prepared by Franchisor and which vary

from Franchisor's standard advertising and promotional materials, such materials must be submitted to Franchisor for approval no less than 45 days prior to the beginning of such promotion or program. Franchisor will review any materials submitted for Franchisor's approval within 10 business days of receipt of such materials. Franchisee shall not use any advertising or promotional materials that Franchisor has disapproved, or that Franchisor has not approved.

**8.6.** Franchisor shall have the right to establish local and/or regional advertising associations ("**Advertising Associations**") for El Pollo Loco® restaurants in Franchisee's local or regional area, covering the geographic areas Franchisor may designate from time to time. Franchisor has the right to form, change, dissolve or merge the Advertising Associations. If Franchisor has established an Advertising Association in Franchisee's DMA, Franchisee must participate in the Advertising Association and its programs and abide by its by-laws. Each EPL Restaurant located within the area governed by the Advertising Association will have a vote. Franchisee must contribute the amounts to the Advertising Association(s) as determined by the Advertising Association members from time to time in accordance with their bylaws. Any EPL Restaurant owned by Franchisor in Franchisee's DMA or regional market area(s) will contribute to the Advertising Association on the same basis as Franchisee contributes for its Restaurant. Contributions to the local and regional Advertising Associations are credited toward the LAF advertising expenditures required pursuant to Section 8.4 above; however, if Franchisor provides Franchisee and Franchisee's Advertising Association 90 days' notice of a special promotion, including, but not limited to, any regional promotions, Franchisee must participate in the promotion and also pay Franchisor any special promotion advertising fees assessed in connection with the program, beginning on the effective date of the notice and continuing until the special promotion is concluded. Any special promotion advertising fees will be in addition to, and not credited towards, the LAF advertising expenditure required pursuant to Section 8.4 above. The Advertising Association Membership Agreement is attached to this Agreement as Exhibit 5. Franchisor may administer the Advertising Associations and collect Franchisee's Advertising Association contributions by automatic electronic withdrawal.

**8.7.** Franchisor shall be under no obligation to use the Advertising Fund to advertise equally for all markets or for all DMAs. All advertising fee contributions from Franchisor-operated restaurants shall be deposited in the Advertising Fund. Franchisor shall be under no obligation to determine the incremental cost of franchise sales advertising and investor relations sections of any internet web sites established by Franchisor and funded in whole or in part by the Advertising Fund.

**8.8.** In addition to Advertising Fees payable pursuant to Section 6.1 of this Agreement, Franchisee shall expend \$5,000 to conduct grand opening advertising and local store marketing and promotion programs for Franchisee's Restaurant, utilizing advertising and promotional materials approved by Franchisor. Such grand opening advertising shall be conducted in accordance with Franchisor's specifications and standards and in accordance with a grand opening plan (which will cover advertising and promotion for the 15 days prior to the Opening Date and 45 days following the Opening

Date) which Franchisee prepares and submits to Franchisor for approval at least 30 days prior to the anticipated Opening Date. Franchisee shall submit to Franchisor, not later than 15 days following the conclusion of such grand opening promotion, written receipts and other evidence reasonably satisfactory to Franchisor evidencing all amounts spent by Franchisee to conduct the grand opening promotion.

## **9. INSURANCE AND INDEMNIFICATION**

**9.1.** Throughout the term hereof, Franchisee shall obtain and maintain insurance coverage with insurance carriers acceptable to Franchisor in accordance with Franchisor's current insurance requirements as modified from time to time as communicated by Franchisor. The coverage shall commence when the Location is secured by Franchisee by executed deed or (sub)lease. As proof of such insurance, a certificate of insurance shall be submitted by Franchisee for Franchisor's approval prior to Franchisee's commencement of any activities or services to be performed under this Agreement. Franchisee shall deliver a complete copy of Franchisee's then-prevailing policies of insurance to Franchisor within 30 days following the delivery of the certificate of insurance. The coverage shall include the following:

**a.** Full compliance with the insurance requirements of Franchisee's (sub)lease, if any; and

**b.** Commercial general and product liability insurance written on an occurrence form that includes but is not limited to, premises-operations, property damage (including fire and extended coverage, vandalism and malicious mischief insurance for replacement value of the restaurant and its contents), products/completed operations, contractual liability, independent contractors, personal injury and advertising injury and liability assumed under an insured contract with coverage no less than a minimum \$1,000,000 per occurrence and \$2,000,000 general aggregate; and

**c.** Automobile liability with at least \$1,000,000 combined single limit;  
and

**d.** Umbrella excess liability insurance with a minimum limit of \$5,000,000 limit per occurrence; and

**e.** Property and extended coverage insurance with a maximum deductible of \$10,000 and with endorsements for vandalism and malicious mischief, covering the building, structures, equipment, improvements and the contents thereof in and at the Restaurant, on a full replacement cost basis, insuring against all risks of direct physical loss (except for unusual perils such as nuclear attack, earth movement and war), and business interruption insurance sustained form covering the rental of the Location, previous profit margins, maintenance of competent personnel and other fixed expenses; and

**f.** Such worker's compensation insurance as may be required by

applicable workers compensation and/or occupational disease law; and

**g.** In connection with and prior to commencing any construction, reimage or remodeling of the Restaurant, Franchisee shall maintain Builder's All Risks Insurance in forms and amounts, and written by a carrier or carriers, acceptable to Franchisor; and

**h.** An additional insured endorsement naming Franchisor. The endorsement shall state the above-described insurance shall be primary and not contributory, as to Franchisor; and with a waiver of subrogation in favor of Franchisor. All policies must contain provisions waiving rights of recovery against any named insured by subrogation and an endorsement under the commercial property policy naming Franchisor as a loss payee; and

**i.** Commercial liability and umbrella/excess policies shall not contain: (i) mold, fungi, viruses, or bacteria exclusions applying to a good or product intended for consumption, or (ii) property damage or bodily injury caused by the ingestion of food. There may be other insurance policies (not mentioned here) required to cover potential losses due to your particular business operations.

**j.** All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to it, its affiliates, officers, agents and employees by reason of the negligence of Franchisor, Franchisee, or their respective principals, contractors, agents or employees. "**Affiliate**" is defined as any person or legal entity that directly or indirectly controls, is controlled by, or is under common control with the specified person or legal entity; and

**k.** All policies shall extend to and provide indemnity for all obligations assumed by Franchisee hereunder and all other items for which Franchisee is required to indemnify Franchisor under the provisions of this Agreement, whether or not the liability arose from the negligence of Franchisor, its principals, contractors, agents or employees, and shall provide Franchisor with at least 30 days prior written notice of cancellation, termination or material reduction of coverage.

**9.2.** Franchisor shall be named as an additional insured on all of such policies referenced in Section 9.1 above as well as loss payee on the commercial property policy to the extent of its interests and shall be provided by Franchisee with certificates of insurance evidencing such coverage prior to the Opening Date and promptly following the date any policy of insurance is renewed, modified or replaced during the term of this Agreement. All coverages shall be placed with a financially stable insurer with a minimum AM Best Ratings of A-VII. Franchisor reserves the right to specify reasonable changes (which may include increases) in the types and amounts of insurance coverage required by this Section 9. Should Franchisee fail or refuse to procure the required insurance coverage from an insurance carrier acceptable to Franchisor or to maintain it throughout the term of this Agreement, Franchisor may as its sole and absolute right, but without any

obligation to do so, obtain such coverage for Franchisee, in which event Franchisee shall pay on demand the required premiums and any related fees or costs (such as, but not limited to, broker's fees, taxes or service fees) or reimburse Franchisor therefore. The amount of such premiums and any related fees or costs shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee pursuant to Section 23.3 of this Agreement. Failure to maintain the required insurance or to promptly reimburse Franchisor for any premiums and any related fees or costs paid on behalf of Franchisee by Franchisor shall constitute a default hereunder. Should Franchisor elect to obtain such coverage for Franchisee, then Franchisee will assist Franchisor by providing the necessary information and access to enable Franchisor to obtain coverage for Franchisee. In the event of any claim, lawsuit, complaint, cross complaint, arbitration, demand, allegation, or liens and damages (collectively "**Claim**"), Franchisee shall immediately notify Franchisor in writing of the Claim and the facts surrounding such Claim pursuant to Section 23.3 of this Agreement.

**9.3.** Franchisee shall defend immediately upon tender of defense, at its own cost, Franchisor, its subsidiaries, parent and affiliates, shareholders, directors, officers, employees and agents (collectively referred to, for this Sections 9.3 and 9.4 only, as "**Franchisor**"), from and against any and all claims, lawsuits, complaints, cross complaints, arbitrations, demands, allegations, costs embraced by indemnity, loss, costs, expenses (including attorneys' fees), liens and damages (collectively referred to, for Sections 9.3 and 9.4 only, as "**Losses**"), however caused, and reimburse Franchisor for all costs and expenses (including attorneys' fees) incurred by Franchisor in defense of any Losses, resulting directly or indirectly from or pertaining to or arising out of, or alleged to arise out of, or in connection with the restaurant or operation of the restaurant, including, without limitation any labor or employee-related claims whatsoever (including claims made by an employee of Franchisee resulting from the employee's training in a Franchisor operated facility or restaurant), and Franchisee's failure for any reason to fully inform any third party of Franchisee's lack of authority to bind Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in the Restaurant whether or not discoverable by Franchisor, (b) those arising from the death of or injury to any person and (c) those arising from damage to the property of Franchisee or Franchisor, or any third party, whether or not any of the foregoing is a result of any strict liability imposed on Franchisor by fact, law, statute, or ordinance. Franchisee further agrees that Franchisee's duty to defend Franchisor is separate from, independent of and free-standing of Franchisee's duty to indemnify Franchisor and applies whether the issue of Franchisee's negligence, breach of contract, or other fault or obligation has been determined. Franchisee's duty to defend is regardless of the outcome of liability even if Franchisee is ultimately found not negligent and not dependent on the ultimate resolution of issues arising out of any.

**9.4.** Franchisee shall indemnify and hold harmless Franchisor from and against any and all Losses, however caused, resulting directly or indirectly from or pertaining to or arising out of or in connection with the Restaurant or operation of the Restaurant, including, without limitation, any labor or employee-related claims whatsoever, including

any claims made by an employee of Franchisee resulting from the employee's training in a Franchisor operated facility or restaurant, and Franchisee's failure for any reason to fully inform any third party of Franchisee's lack of authority to bind Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in the Restaurant whether or not discoverable by Franchisor, (b) those arising from the death of or injury to any person and (c) those arising from damage to the property of Franchisee or Franchisor, or any third party, whether or not any of the foregoing is a result of any strict liability imposed on the Franchisor by fact, law, statute, or ordinance. Franchisee further shall indemnify and hold harmless Franchisor from all said Losses and shall pay for and be responsible for all said Losses, however caused, whether by any individual, employee, third person or party, vendor, visitor, invitee, trespasser or any firm or corporation whatsoever, whether caused by or contributed to by Franchisor, the combined conduct of Franchisee and Franchisor, or active or passive negligence of Franchisor, but for the sole negligence or willful misconduct of Franchisor.

## **10. VENDING MACHINES**

**10.1.** Franchisee shall not install a video game machine, juke box, cigarette machine, public telephone or other type of vending machine or device, whether or not coin operated in the Restaurant, or on its premises, without prior written approval of Franchisor, which approval will be granted or denied as Franchisor's sole and absolute right. The revenues received by Franchisee from any approved machines shall be included in Franchisee's Net Sales.

## **11. COMPLIANCE WITH MANUAL AND WITH SYSTEM STANDARDS**

**11.1.** Franchisee acknowledges and agrees that strict and continued adherence by Franchisee to Franchisor's standards, policies, specifications, procedures, requirements, menu items policies, and the Manual comprising the El Pollo Loco® System (collectively, the "**System Standards**"), as set forth in this Section 11, in the Manual, and in other standards, policies, and procedures documents created or modified by Franchisor from time to time, is required and that failure on the part of Franchisee to so adhere will be grounds for termination of this Agreement as provided in Section 18 hereof. Franchisee acknowledges that changes, modifications, deletions and additions to the System Standards may be necessary and desirable from time to time. Franchisor may make such modifications, revisions, deletions and additions, including without limitation, modifications, revisions, deletions and additions to the Manual and to the menu items required to be offered by Franchisee, which Franchisor, in good faith and exercising its judgment believes to be desirable. Franchisee agrees to comply with any such modification, revision, deletion or addition as of the date that such modification, revision, deletion or addition becomes effective, whether they involve refurbishing or remodeling the Restaurant, buying new operating assets, adding new menu items and services, initiating new programs, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date. Franchisee acknowledges that it shall receive a copy of the Manual for the Restaurant on loan from Franchisor and that the Manual shall at all times remain the sole property of Franchisor. Franchisee

understands that Franchisor has entered into this Agreement in reliance upon Franchisee's representation that it will strictly comply with all the provisions of the Manual. For purposes of this Agreement, the Manual shall be deemed to include all written directions delivered to Franchisee by Franchisor from time to time setting forth standards, specifications and procedures for the operation of Franchisee's Restaurant.

**11.2.** Franchisee acknowledges and agrees that it is in the best interest of the business conducted at the Restaurant to prepare and serve food in the Restaurant only from ingredients which meet the product specifications as communicated by Franchisor to Franchisee from time to time (the "**Specifications**"), and Franchisee further promises that all products, equipment, goods, inventory and supplies used in connection with the Restaurant will comply with the Specifications. Furthermore, Franchisee shall not offer or sell any product, service or other item at the Restaurant except those prior approved in writing by Franchisor.

**a.** All menu items shall be made in strict compliance with Franchisor's written recipes and requirements, which Franchisor may change from time to time by amendments to the Manual.

**b.** Franchisee acknowledges and agrees that all proprietary El Pollo Loco<sup>®</sup> marinades, marinade mixes and marinated ingredients used in the preparation of the required and approved El Pollo Loco<sup>®</sup> food products are unique. Their formulae and the process of their manufacture constitute trade secrets. Franchisee shall purchase such marinades, marinade mixes and marinated ingredients exclusively from Franchisor or, as Franchisor's sole and absolute right to determine, from Franchisor's designated distributor. The right to purchase and use such marinades, marinade mixes and marinated ingredients is licensed to Franchisee pursuant to this Agreement, and such right is restricted to use in the franchise business at the Restaurant and solely for the term of this Agreement.

**11.3.** Throughout the term of this Agreement, Franchisee shall be actively engaged in the management and day-to-day operation of the Restaurant. Franchisee must appoint a Designated Operator who will devote his or her full time to the supervision of the business, operations of the Restaurant, all franchise activities, and any other El Pollo Loco<sup>®</sup> Restaurant owned by Franchisee. The appointment of the Designated Operator is subject to Franchisor's prior written approval. The Designated Operator must satisfactorily complete Franchisor's Designated Operator Training Program ("**DOTP**") and become certified in the Food Protection Management Training Program ("**FPMT**P"). If at any time, for any reason, the Designated Operator ceases to perform those duties on behalf of the Restaurant(s), (a) Franchisee shall appoint a new Designated Operator within 90 days subject to Franchisor's prior written approval, and the newly appointed Designated Operator must, within 150 days of appointment, satisfactorily complete Franchisor's DOTP and have become certified in the FPMT, all at Franchisee's expense; or (b) Franchisee shall assume the duties of the Designated Operator and complete Franchisor's DOTP and become certified in the FPMT within 240 days if not previously completed/certified within the last 36 months.

**11.4.** Franchisee acknowledges that it has received a copy of Franchisor's list of approved brands and distributors (the "**Approved Brands and Distributors List**"). Franchisor has consulted with the distributors set forth on such list and each distributor has agreed to offer products, services, equipment, goods, inventory, supplies or paper products which will comply with Franchisor's Specifications. Such Approved Brands and Distributors List is furnished to Franchisee and Franchisee must purchase only those products, equipment, goods, inventory, supplies and paper products that comply with the Specifications and only those brands, and only from those distributors, which are on the Approved Brands and Distributors List. If Franchisee desires to purchase any brands and/or products from any distributor not named on the Approved Brands and Distributors List (or any brand and/or product not on the Approved Brands and Distributors List from a distributor on that list), Franchisee shall first submit to Franchisor a written request for approval of any such brand, product and/or distributor whichever is applicable, prior to Franchisee's purchase of such product from such distributor. Franchisor shall have the right to require that its representatives be permitted to inspect the distributor's facilities and that samples from the distributor be delivered either to Franchisor or to an independent laboratory designated by Franchisor for testing. Upon completion of Franchisor's inspection or evaluation of the proposed distributor (including samples provided by such distributor), and upon submission of any additional information or data required by Franchisor, Franchisor shall promptly approve or reject such proposed distributor or services and goods. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved distributor or of any distributor on Franchisor's Approved Brands and Distributors List and to revoke its approval upon the distributor's failure to continue to meet any of Franchisor's then-current Specifications and criteria. Nothing in the foregoing shall require Franchisor to approve any distributor. Franchisor agrees to evaluate any item which Franchisee is considering procuring to determine whether such item complies with the Specifications. No charge shall be made by Franchisor for the services of Franchisor's employees in connection with such evaluation; however, Franchisee shall reimburse Franchisor for its reasonable cost and expenses in connection with such evaluation, including any amounts paid to independent laboratories or consultants chosen by Franchisor as its sole and absolute right to assist in such evaluation. All such amounts shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee pursuant to Section 23.3 of this Agreement. The Approved Brands and Distributors List and any guide containing such list are proprietary information of El Pollo Loco® and must be kept strictly confidential by Franchisee. Franchisee shall not copy, distribute, release or otherwise provide any third party with all or any part of the information contained in the Approved Brands and Distributors List or guide without first obtaining the prior written approval of Franchisor, which approval may be withheld as Franchisor's sole and absolute right. (Notwithstanding anything in this Agreement to the contrary, Franchisor may designate itself the only approved distributor of some or all of the brands and/or products. Franchisor's proprietary products must be purchased from Franchisor or its designated distributor pursuant to Section 11.2.b.

**11.5.** As uniformity of appearance and public recognition are important to the El Pollo Loco® brand recognition and success of Franchisee and Franchisor hereunder, Franchisee shall:

**a.** Use only uniforms, Signs, cards, posters, notices, displays, decorations, table tents and other such advertising materials which are identical in appearance and quality to those furnished or approved by Franchisor. Franchisor may make available its menu-stock (pre-printed as to all matters other than menu prices), including specials and featured items, to Franchisee for printing in the event that Franchisee elects to charge prices not provided for in Franchisor's menu codes. Notwithstanding anything in this Agreement to the contrary, Franchisor reserves the right, to the fullest extent allowed by applicable law, to: establish maximum, minimum or other pricing requirements with respect to the prices Franchisee may charge; recommend retail prices; advertise specific retail prices for some or all products sold by Franchisee, which prices Franchisee will be compelled to observe; engage in marketing, promotional and related campaigns, which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices; and otherwise mandate, directly or indirectly, the prices which Franchisee may charge.) Franchisee agrees that all specials or featured items designated by Franchisor shall be included as part of the menu and shall be made available on the days and times designated by Franchisor; and

**b.** Not authorize or permit in the Restaurant, or on behalf of the Restaurant, any advertising, Signs, cards, posters, notices, displays, decorations or table tents other than those described in Section 11.5(a), nor authorize or permit in or around the Restaurant any products or services which are not authorized by Franchisor, without the prior written consent of Franchisor.

**c.** Receive written approval from Franchisor's Marketing Department to employ delivery companies as described in the Manual. Notwithstanding the foregoing, under the System, and as described in Section 7.13 above, Franchisor requires Franchisee's participation in the Remote Ordering System, Loyalty Program and Third-Party Delivery Program. Franchisee shall be required to participate, offer and conduct such programs.

**d.** Comply with our customer complaint resolution procedures and our commitment to customer satisfaction policy. Franchisee must reimburse Franchisor promptly if Franchisor resolves a customer complaint because you fail to resolve the matter as or when required.

**e.** Cooperate with Franchisor to maintain a single voice for the El Pollo Loco® brand across all social media platforms, including your agreement to refrain from creating, posting, or maintaining your own social media pages related to the El Pollo Loco® brand.

**11.6.** Franchisor shall have the right to remove any unauthorized material at Franchisee's expense.

**11.7.** At all times during this Agreement's term, Franchisee must secure and maintain all licenses, permits, and certificates required for the Restaurant's operation and operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations, including, but not limited to those relating to occupational hazards, health, environment, employment, workers' compensation and unemployment insurance, and withholding and payment of taxes. Your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. The Restaurant must in all dealings with customers, suppliers, Franchisor, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee agrees not to engage in any business or advertising practice that could injure El Pollo Loco® Restaurants. Franchisee must notify us in writing immediately if (a) any legal charge is asserted against Franchisee or the Restaurant (even if there is no formal proceeding), (b) any action, suit, or proceeding is commenced against Franchisee or the Restaurant, (c) you receive any report, citation, or notice regarding the Restaurant's failure to comply with any licensing, health, cleanliness, or safety standard, or (d) any bankruptcy or insolvency proceeding or an assignment for the benefit of creditors is commenced by or against Franchisee, your owners, or the Restaurant. Franchisee shall submit copies of all government health inspections and food borne illness investigation reports of the Restaurant to Franchisor, or Franchisor's designated agent. Additionally, should Franchisee be subject to Restaurant closure by health officials or receive a "B" or equivalent restaurant rating, Franchisee will immediately notify Franchisor by the fastest means available.

## **12. RESTAURANT MAINTENANCE AND REPAIR**

**12.1.** Maintenance and repair of the Restaurant are the sole responsibility and shall be done at the expense of Franchisee. For the term of this Agreement, Franchisee, at its sole cost and expense, shall maintain the Restaurant and the Location, including, but not limited to, the Restaurant building, the Location and parking lot, equipment, decor, furnishings, fixtures, wares, utensils, supplies, and inventory, in good working order and condition and in compliance with all laws. Franchisee shall make all repairs within a reasonable time period not to exceed 30 days of the date such repairs are identified as needed to bring the Restaurant into a first-class condition. Franchisee shall replace any of the Restaurant's equipment, furnishings and fixtures and repaint the Restaurant as necessary to satisfy this Section 12. Without limiting the generality of the foregoing, upon notice from Franchisor of any change required or recommended by applicable law, rule or regulation, or if Franchisor discovers any circumstance which is or may result in a danger to public health, Franchisee shall promptly, remove, repair, replace or modify any equipment or fixtures used in the Restaurant necessary to satisfy or rectify the same. All replacement equipment, furnishings and fixtures shall comply with Franchisor's then-current requirements and specifications.

**12.2.** Franchisee shall not make any addition to or change in the physical appearance, decor, characteristics or style of the Restaurant without the prior written consent of Franchisor which consent may be withheld or granted as Franchisor's sole and absolute right.

**12.3.** During the term of this Agreement, Franchisor may require Franchisee, at Franchisee's expense, to remodel the Restaurant to then current El Pollo Loco® standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor; provided however, Franchisee shall not be required to undertake such remodeling more than once every 7 years during the term of this Agreement, except if such remodeling is required in connection with a transfer of the Restaurant under Section 17.6.c of this Agreement or granting of a successor franchise under Section 20 below.

**12.4.** All Signs to be used in connection with the Restaurant, both exterior and interior, must conform to Franchisor's Sign criteria as to type, color, design and location and be approved in writing by Franchisor prior to installation or display. Franchisee shall change its Signs to conform with updated or revised requirements of Franchisor when Franchisor commits to implementing such revisions at 25% of the Franchisor's then-operated El Pollo Loco® restaurants and at such times as Franchisee is required to perform remodeling work pursuant to Section 12.3.

**12.5.** Franchisee shall at all times operate its Restaurant as a clean, safe, sanitary, orderly, legal and respectable place of business in accordance with the Manual, the lease or sublease, if any, for the Location and all applicable federal, state or local laws, rules, or regulations, including, but not limited to, OSHA related safety training and compliance. Franchisee shall not cause or allow any part of its Location to be used for any immoral or illegal purpose. Any citations or penalties issued shall be the sole responsibility of Franchisee.

### **13. HOURS OF OPERATION**

**13.1.** Franchisee shall keep the Restaurant fully operational and open to the public upon such days and during such minimum number of hours as Franchisor shall prescribe from time to time in the Manual. Franchisee shall supply to Franchisor prior to the commencement of the construction or remodeling work of the Restaurant proof that the Restaurant is allowed to be open to the public during such required hours and days by the applicable local governmental authorities and by the landlord under the lease for the Location. In the event that the Restaurant is closed for reasons beyond Franchisee's control, Franchisee will immediately notify Franchisor by the fastest means available of the closing.

### **14. PERSONNEL STANDARDS**

**14.1.** Subject to Section 14.5 below, Franchisee shall hire, train and supervise Restaurant employees in accordance with the applicable provisions of the Manual. Franchisee shall do everything necessary to ensure that all employees are, at all times during employment in the Restaurant, neat, clean and adequately trained and supervised in connection with the performance of their duties.

**14.2.** Franchisee acknowledges that adequate training and supervision are necessary in order to ensure that the Restaurant personnel provide service to the public in a courteous, efficient and skilled manner and in accordance with the standards set forth in the Manual. Franchisee understands and agrees that Franchisee is solely responsible for the performance of its Operations Director(s), General Manager(s), Assistant Manager(s), Shift Leader(s) and all other of its employees and that the acts and omissions of such employees which are inconsistent with the provisions of this Agreement shall be considered grounds for termination of this Agreement as provided in Section 18 hereof.

**14.3.** Franchisee shall maintain wages, hours, working conditions and other benefits for all of its employees in accordance with all federal, state and local laws and regulations.

**14.4.** Franchisee shall maintain all employee time, payroll and tax records and to file required reports thereon in accordance with all federal, state and local laws and regulations.

**14.5.** It is mutually understood and agreed by the parties that Franchisee retains the responsibility and independent authority, notwithstanding any provision of this Agreement, to establish, maintain and enforce all personnel policies and procedures. Franchisee is solely responsible for, and solely in control of, all employment matters, decisions and functions of Franchisee's employees, including but not limited to those related to (a) wages, benefits, and other compensation; (b) hours of work and scheduling; (c) the assignment of duties to be performed; (d) the supervision of the performance of duties; (e) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (f) the tenure of employment, including hiring and discharge; and (g) working conditions related to the safety and health of employees. Franchisee further acknowledges and agrees that any personnel policies or procedures in the Manual or other written information from Franchisor are for Franchisee's optional use and are not mandatory provisions. It is Franchisee's sole responsibility to determine to what extent, if any, any such policies and procedures described in the Manual or otherwise might be applicable to operations at Franchisee's Store. Franchisor and Franchisee agree that neither is, nor will be deemed to be, a joint employer with the other and Franchisee will defend, indemnify and hold harmless Franchisor with respect to any such or similar claims.

## **15. INSPECTIONS**

**15.1.** Franchisor and its authorized representatives shall have the right to inspect the Restaurant and the supplies and inventory of Franchisee. Franchisor's personnel and representatives shall have the right to enter the Restaurant at any reasonable time, and from time to time, with or without notice, for the purposes of examination, conferences with Franchisee and personnel of Franchisee, observation and evaluation of the operations being conducted at the Restaurant.

**15.2.** Franchisor may conduct quality control and evaluation programs, as

Franchisor shall determine (including a “**accuracy guarantee**” program, social media monitoring, or other similar programs). Franchisee shall allow and participate in such program(s), as required by Franchisor. Franchisor shall have the right to require Franchisee to pay its pro-rata share of the costs incurred in establishing and maintaining such program(s) and Franchisee shall promptly pay such charges. Franchisee acknowledges that Franchisor shall have the right, in any manner Franchisor may deem appropriate, to publish or disclose any information that is collected, produced or maintained under any program(s) implemented pursuant to this Section to other franchisees under the El Pollo Loco® System on a named basis, or to third parties outside the El Pollo Loco® System on an anonymous basis.

**15.3.** In connection with inspections conducted pursuant to Sections 15.1 and 15.2 above, Franchisor and its authorized representatives may deliver to Franchisee an inspection report in such form(s) as may be adopted by Franchisor from time to time (the “**Inspection Report(s)**”). The Inspection Report(s) shall indicate the principal items inspected, observed and evaluated.

**15.4.** In the event that any such Inspection Report indicates a deficiency or unsatisfactory condition with respect to any item listed thereon, Franchisee shall promptly commence to correct or repair such deficiency or unsatisfactory condition and thereafter diligently pursue the same to completion. In the event of a failure by Franchisee to comply with the foregoing obligation to correct or repair, Franchisor, in addition to all other available rights and remedies, including the right to terminate this Agreement pursuant to Section 18 below, shall have the sole and absolute right, but not the obligation, to forthwith make or cause to be made such correction or repair, and the expenses thereof, including, without limitation, meals, lodging, wages and transportation for Franchisor's personnel, if so utilized as Franchisor's sole and absolute right to determine, shall be promptly reimbursed by Franchisee. Should any deficiency or unsatisfactory condition be reported more than once within any 30 day period, Franchisor shall have the right, in addition to all other available rights and remedies, to place a Franchisor representative in charge of the Restaurant for a period of up to 30 days in each such instance, and the wages and expenses of meals, lodging and transportation of said representative, which shall be commensurate with that provided for managers of other Franchisor-owned El Pollo Loco® restaurants, shall promptly be reimbursed by Franchisee. All such expenses incurred by Franchisor pursuant to this Section shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee.

**15.5.** Notwithstanding Section 15.4 above, should the Inspection Report indicate a deficiency or unsatisfactory condition with respect to any item listed thereon, and Franchisor or Franchisor's agent are required to return to the Restaurant to re-inspect the Restaurant, Franchisor will charge Franchisee a Re-Inspection Fee for each subsequent visit to Franchisee's restaurant after the initial inspection. Franchisee will give Franchisor authorization to pay the Re-Inspection Fee as a direct debit from Franchisee's Operating Account. Should there be 2 consecutive Inspection Reports both indicating a deficiency or unsatisfactory condition with respect to any item listed thereon, and Franchisor or

Franchisor's agent return to the Restaurant to provide a coaching session to Franchisee; or should Franchisor determine in our sole and absolute right that a coaching session is required at the Restaurant due to certain circumstances, Franchisor will charge Franchisee a Coaching Fee for each Coaching session at Franchisee's restaurant. Franchisee will give Franchisor authorization to pay each Coaching session visit charge as a direct debit from Franchisee's Operating Account.

**15.6.** In the event that the Restaurant operations threatened health or public safety or materially adversely affected the ownership, condition or operation of the Restaurant or adversely affect the El Pollo Loco® brand or goodwill, Franchisee must (i) immediately report such issue to Franchisor by immediately contacting the assigned Director, Franchise Business (or equivalent) and if unable to speak directly with the assigned Director, by immediately contacting the Support Center and (ii) compensate Franchisor, or reimburse Franchisor for all fees, costs or expenses, use of internal and external resources, taxes or other types of charges which Franchisor pays on Franchisee's behalf to third parties or that Franchisor directly incurs, including payments to taxing authorities, governmental agencies, suppliers, contractors and insurance carriers, for products, services, loss in sales or revenue, supplies, equipment, goods, materials or inventory when Franchisee's Restaurant operations or nonpayment threatens health or public safety or materially adversely affects Franchisee's ownership, condition or operation of your Restaurant or materially adversely affects the "El Pollo Loco" brand or goodwill. While Franchisor has the sole and absolute right to make such payments as described above on behalf of Franchisee, it is not Franchisor's obligation to do so. Franchisor's decision to make payments on behalf of Franchisee is not in lieu of any of Franchisor's rights and remedies in this Agreement, including Franchisor's right to terminate this Agreement.

## **16. TRAINING**

**16.1.** Franchisee acknowledges and agrees that it is important to the operation of the Restaurant that Franchisee and its employees receive such training as Franchisor may require from time to time. Therefore:

**a.** The Restaurant must be managed by not less than 4 individuals as a General Manager, Assistant Manager or Shift Leader (collectively, "**Managers**") who: (i) have successfully completed Franchisor's Management Training Program ("**MTP**") at a Franchisor designated Certified Training Restaurant ("**CTR**") or in the case of on-going training and if appropriate, at Franchisee's Restaurant; (ii) have each become certified in the FPMP from a Franchisor's approved vendor; and (iii) will assume responsibility for the day to day management of the operations of the Restaurant, including the preparation of food products, accounting, and the supervision and training of personnel. The Managers may be required to sign a confidentiality agreement in a form approved by Franchisor. Each and every shift during operating hours must have a Manager in charge.

**b.** If at any time, for any reason, the General Manager ceases to perform those duties on behalf of the Restaurant, Franchisee must promptly designate a

new General Manager who meets the above-stated qualifications.

c. If this is Franchisee's first EPL Restaurant, Franchisee must also attend and satisfactorily complete the Executive Franchisee Training Program ("**EFTP**"). Such training shall be completed prior to the opening of the Restaurant. MTP, EFTP and DOTP may be collectively referred to as "**Training Programs**" or "**Initial Training Programs**" or individually as "**Training Program**" or "**Initial Training Program**".

d. Franchisee must appoint a Designated Operator to oversee all franchise activities. The appointment of a Designated Operator is subject to Franchisor's prior written approval. The Designated Operator must satisfactorily complete the DOTP and become certified in the FPMP prior to the opening of the Restaurant. Franchisee may be designated as a Designated Operator. The Designated Operator may also be designated as a General Manager.

e. The Designated Operator shall devote their full time to the supervision of the business, operations of the Restaurant, all franchise activities, and any other El Pollo Loco® Restaurant owned by Franchisee. If at any time, for any reason, the Designated Operator ceases to perform those duties on behalf of the Restaurant(s), Franchisee shall appoint a new Designated Operator within 90 days, and the newly appointed Designated Operator must satisfactorily complete Franchisor's DOTP within 150 days of appointment at Franchisee's expense; or, Franchisee shall assume the duties of the Designated Operator and complete Franchisor's DOTP within 240 days (if not previously completed within the last 36 months).

f. Franchisee shall implement a training program for Franchisee's employees in accordance with training standards and procedures prescribed by Franchisor and shall staff the Restaurant at all times during the term of this Agreement with a sufficient number of trained employees.

g. At Franchisee's cost, Franchisor may require continuing operations training from time to time to reinforce operational standards as necessary for on-going operational execution and for Franchisee to maintain a sufficient number of trained employees. Franchisor may require continuing operations training occasionally for new product roll-outs at Franchisor's cost; however Franchisee will be responsible for any and all costs for compensation, wages (including compensation of and worker's compensation insurance), lodging, living expenses, travel expenses or any other expenses incurred during the training of Franchisee's employees (collectively, "**Additional Employee Costs During Training**"). The required frequency, duration, subject matter and required attendees shall be as determined by Franchisor from time to time.

h. If the Restaurant is Franchisee's or Franchisee's affiliate's first Restaurant in the **El Pollo Loco® System**, Franchisor shall assist Franchisee in the initial opening of the Restaurant, defined as "**New Restaurant Opening Support**" or "**NRO Support**" for 2 weeks prior to the Restaurant opening and 2 weeks after the Restaurant opened, beyond the Initial Training Programs described above by sending certain

members of Franchisor's personnel to the Restaurant to assist in the scheduled opening of the Restaurant at a cost of \$30,000 to Franchisee. Additional training beyond initial NRO Support will be at Franchisee's cost and in Franchisor's sole discretion.

i. The Restaurant shall not be opened until Franchisor is satisfied that Franchisee and Franchisee's Managers, Designated Operator, and other restaurant personnel have been adequately trained in the El Pollo Loco® System.

**16.2.** Franchisor shall provide the Initial Training Programs as described in Section 16.1 without additional charge to Franchisee provided that Franchisee understands and agrees that Franchisee shall be solely responsible for any and all Additional Employee Costs During Training (as defined in Section 16.1(g)). Additional training beyond what is described in Section 16.1 requested by Franchisee in writing, shall be at Franchisee's cost and in Franchisor's sole discretion as to whether they can provide such additional training. Franchisor shall charge Franchisee a training fee of \$2,000 per Manager for the fifth Manager and additional or replacement Managers at the Restaurant. Franchisor shall also charge Franchisee a training fee of \$2,000 per Manager for each and every Manager trained if this is the fourth or subsequent Restaurant owned by Franchisee. Additionally, Franchisor shall charge Franchisee \$2,000 per EFTP and or DOTP beyond the Initial Training Program described in Section 16.1. Franchisee understands and agrees that Franchisee shall also be solely responsible for any and all Additional Employee Costs During Training (as defined in Section 16.1(g)) for any additional training or any additional attendees. Such Franchisee, Designated Operator and Managers shall not be considered an employee or agent of Franchisor.

## **17. ASSIGNMENT**

**17.1. Assignment by Franchisor.** Franchisor shall have the right to assign or transfer any of its rights or delegate any of its obligations under this Agreement in whole or in part to any person, firm or corporation without any consent or approval from Franchisees; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the obligations of Franchisor hereunder:

a. The assignee shall expressly assume and agree to perform such obligations of Franchisor in writing; and

b. From and after the date of any such assignment, Franchisor shall have no further obligation or liability under this Agreement.

**17.2. Assignment by Franchisee.** The rights and duties created by this Agreement are personal to Franchisee. Franchisee acknowledges that Franchisor has entered into this Agreement in reliance on the individual or collective character, skill, aptitude, business ability, and financial capacity of Franchisee and its owners. Franchisee and each owner of an interest in this Agreement represent, warrant, and agree that all "Interests" in Franchisee are owned in the amount and manner in which Franchisee has disclosed them to Franchisor, as more particularly set forth in **Schedule 1** to this

Agreement. (An “**Interest**” means any shares or partnership interests in Franchisee and any other legal or equitable right in any of Franchisee’s stock, revenues, profits, rights or assets. When referring to Franchisee’s rights or assets, an “**Interest**” also includes this Agreement and Franchisee’s rights under and interest in this Agreement, the Restaurant and the revenues, profits or assets of the Restaurant.) Franchisee and each owner also represent, warrant and agree that no change will be made in the ownership of an Interest other than as permitted by this Agreement or as Franchisor may otherwise approve in writing. Franchisee and each owner agree to furnish Franchisor with evidence as Franchisor may request from time to time to assure that the Interests of Franchisee and each owner remain as permitted by this Agreement, including a list of all persons or entities owning any Interest. If Franchisee is a Business Organization, Franchisee shall cause each of the owners of any equity ownership in Franchisee to execute an agreement granting Franchisor an option to purchase each of such owner’s Interest in Franchisee upon an Assignment as provided in this Section 17.

**17.3.** Neither this Agreement nor any Interest herein nor any Interest of Franchisee or any owner may be indirectly or directly, sold, transferred, assigned, conveyed, gifted, pledged, mortgaged, or otherwise encumbered (“**Assignment**”) without Franchisor’s prior written approval. Any such purported Assignment occurring by operation of law or otherwise without Franchisor’s prior written consent shall constitute a default of this Agreement by Franchisee and shall be null and void. Except in the instance of Franchisee advertising to sell its Restaurant and assigning this Agreement in accordance with the terms thereof, Franchisee shall not, without Franchisor’s prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior décor, items, supplies, fixtures, equipment, Franchisee’s lease or the real or personal property used in connection with the Restaurant. This Agreement may not be transferred by Franchisee to a publicly-held entity, or to any entity whose direct or indirect parent’s securities are publicly traded and no shares of Franchisee or any direct or indirect owner of Franchisee may be offered for sale through the public offering of securities.

**17.4.** In the event that Franchisee desires to make an Assignment including assigning all or any part of its rights, privileges and interests under this Agreement, Franchisee shall first offer such Assignment to Franchisor by notifying Franchisor in writing of the material terms and conditions, including price and identity of transferee upon which Franchisee would be willing to make such an Assignment. Franchisee shall also concurrently provide Franchisor with the estoppel certificate identified in Section 17.7 below and such other information as determined by Franchisor to enable Franchisor to evaluate the offer. Franchisor shall have the first right to acquire said rights, privileges and interests of Franchisee by accepting the offer in accordance with said terms and conditions or equivalent cash, as determined by Franchisor in its reasonable business judgment.

**a.** If the Assignment will be in the aggregate more than 50% of any one class of outstanding capital stock, the voting power, membership interests, partnership interest or other Interest in Franchisee occurring within 36 months prior to the date of the

Assignment, (a “**Majority Interest**”), then Franchisor shall have the option to purchase not only the Majority Interest being transferred, but also the remaining Interest, so that the ownership of Franchisor will be 100%. Any purchase of such remaining Interest shall be valued on a basis proportionate to the price of the Interest initially being offered.

**b.** If, within 30 days after receipt of Franchisee's notice, Franchisor advises Franchisee of its acceptance of the offer as stated in the notice, Franchisee shall promptly make the Assignment to Franchisor on the stated terms and conditions. Should Franchisor elect to exercise its right of first refusal, Franchisee shall, if requested by Franchisor, cause Franchisee's lease or sublease, if any, with the lessor for the Location to be assigned to Franchisor (or, if the Location is owned by Franchisee, Franchisee shall lease the Location to Franchisor on commercially reasonable terms applicable in that market). Notwithstanding the foregoing, Franchisor shall have at least 60 days from the date of its notice of exercise to Franchisee to close the transaction and Franchisor shall also be entitled to all customary and reasonable representations and warranties from Franchisee regarding the Franchisee's business or any other interest being conveyed.

**c.** Notwithstanding the provisions of this Section 17.4, Franchisor will waive Franchisor's right of first refusal if the assignee is a revocable family trust for which Franchisee is the controlling trustee and Franchisee's immediate family members are beneficiaries provided such Assignment is not considered a Majority Interest. An immediate family member is defined as a parent; sibling; child by blood, adoption, or marriage; spouse or significant other; grandparent or grandchild.

**17.5.** If, within 30 days after receipt of Franchisee's notice, Franchisor does not indicate its acceptance of the offer as stated in the notice, Franchisee shall thereafter have the right, subject to the prior written consent of Franchisor, to make the Assignment to the proposed transferee on the same terms and conditions as stated in the notice. Should Franchisor not exercise its right of first refusal and should the contemplated Assignment not be completed within 120 days from the date of Franchisee's notice, or should the terms and conditions thereof (including the proposed transferee or the ownership therein) be altered in any material way, this right of first refusal shall be reinstated and any such subsequent proposed Assignment or altered terms and conditions of the current transaction must again be offered to Franchisor in accordance with the terms of these Sections 17.4 and 17.5.

**17.6.** Franchisee shall notify Franchisor in writing of any proposed assignee and shall promptly furnish Franchisor with such other information and documentation as Franchisor may request for the purpose of considering whether to grant its written consent. Franchisee acknowledges and agrees that Franchisor shall be entitled, at its election and without liability to Franchisee, to provide assignee with information relating to the Restaurant, including information in Franchisor's possession relating to operations and sales. Franchisor shall not unreasonably withhold its consent to an Assignment provided that Franchisee and the assignee satisfy such reasonable terms and conditions which may be imposed by Franchisor as a condition to obtaining Franchisor's consent, which may include, without limitation, the following:

**a.** The assignee (and its partners or the officers, directors, principal shareholders, or members of the assignee, as the case may be) shall be subject to the determination by Franchisor:

**i.** To have the appropriate business qualifications, restaurant operations experience, reputation, character, and aptitude necessary to operate and maintain the Restaurant;

**ii.** To have the ability to devote full time and best efforts to operating and maintaining the Restaurant;

**iii.** To be financially responsible, possess a favorable credit rating, be economically capable of carrying on the Restaurant business and have sufficient net worth as required by Franchisor for new franchisees;

**iv.** To not have been convicted of criminal misconduct that is relevant to the operation or ownership of the Restaurant or of any felony;

**v.** Shall neither directly nor indirectly own, operate, control or have any financial interest in any other business which would constitute a "**Competitive Business**" (as such term is defined in Section 21.7 of this Agreement); and

**vi.** Shall have demonstrated to Franchisor's satisfaction that assignee meets all of Franchisor's then-current requirements for new El Pollo Loco® franchisees, which requirements are subject to change by Franchisor from time to time as its sole and absolute right.

**b.** The assignee shall expressly assume in writing, via the Consent to and Assignment of Franchise Rights attached hereto as Exhibit 9 of this Agreement, all of the obligations and liabilities of and enter into Franchisor's then-current form of franchise agreement, which may contain provisions including royalty and advertising fees, materially different from those contained herein; provided, however, that the term of such new agreement shall be equal to the then-remaining term of this Agreement and assignee shall not be required to pay a new IFF. If the assignee is a partnership, corporation, limited liability company or other legal entity, then all partners, shareholders, and members of assignee that (i) hold at least a 10% interest in assignee and/or (ii) upon whose net worth Franchisor is relying in determining that the assignee has met Franchisor's financial minimum requirements for approval must sign the Personal Guarantee of Franchise Agreement ("**Personal Guarantee**") and any related documents in their individual capacity, agreeing to guarantee the obligations and liabilities of the assignee under this Agreement and to be individually bound by the terms of this Agreement as if they were a party to the Franchise Agreement. If a new partnership, corporation, limited liability company or other legal entity, at any time (including after an assignment), becomes the Franchisee or part of the Franchisee, that partnership, corporation, limited liability company or legal entity, as well as all holders of 10% interest or more in assignee, as

applicable, shall execute a Personal Guarantee, guaranteeing each of Franchisee's obligations and liabilities under this Agreement and agreeing to be individually bound by the terms of this as if they were a party to this Agreement. If the assignee is a corporation, partnership or limited liability company, it also shall demonstrate to the reasonable satisfaction of Franchisor that it has established transfer instructions prohibiting the transfer on its records of any equity securities, partnership interests or ownership interests in violation of the requirements set forth in this Section 17 and that each stock, partnership or ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to Franchisor that the assignment or transfer is subject to all of the restrictions imposed upon assignments by this Agreement;

**c.** The assignee or the assignor agrees to the reimage and/or remodel of the Restaurant to Franchisor's then-current standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor. Franchisee will have a specified period of time to complete the required reimage and/or remodel of the Restaurant. The required reimage and/or remodel of the Restaurant must be completed to Franchisor's satisfaction. Should the required reimage and/or remodel of the Restaurant not be completed to Franchisor's satisfaction, then Franchisor may terminate this Agreement under Section 18, entitled Default and Termination;

**d.** A copy of the Personal Guarantee required to be executed pursuant to this Section 17 is attached hereto as Exhibit 2. All other individuals with an ownership interest in the entity (who are not required to execute the Personal Guarantee) will be considered "**Investors**" and will be required to execute the "**Investor Covenants Regarding Confidentiality and Non-Competition**" which is attached hereto as Exhibit 3;

**e.** The assignee shall represent and warrant to Franchisor in writing that the assignee:

**i.** Has conducted an independent study of the Restaurant and the business therein;

**ii.** Has not in any way relied upon statements or representations of Franchisor or its employees or agents except as may be contained in a Disclosure Document or other comparable Disclosure Document which may be required to be delivered to such assignee in accordance with applicable law; and

**iii.** Acknowledges and understands that the assignee's rights upon assignment are conditioned on full performance of Franchisee's obligations hereunder and are limited to those expressly provided for in this Agreement.

**f.** As of the date of such assignment, Franchisee shall have fully performed and complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

**g.** Franchisee shall pay and discharge all outstanding obligations to Franchisor and to third parties arising from the existence, operation or maintenance of the Restaurant including, without limitation, amounts owing under this Agreement, the lease, if any, for the Location or to employees, suppliers, taxing authorities, utility companies and others as of the assignment date;

**h.** Franchisee shall pay to Franchisor the applicable Assignment Fee as provided in Section 6.1(l) and reimburse Franchisor for costs and expenses incurred in connection with such Assignment, including, without limitation, the cost of credit investigations and the preparation of Assignment agreements and Franchise Disclosure Documents which may be required to be delivered to such assignee under applicable federal or state law (for the avoidance of doubt, the foregoing fees (including the applicable Assignment Fee and reimbursement of Franchisor's reasonable attorneys' fee) is payable whether or not Franchisor ultimately approves Franchisee's request for an Assignment); and

**i.** In conjunction with granting the consent of Franchisor to any Assignment, Franchisee shall execute a general release, in form and substance satisfactory to Franchisor, of all claims against Franchisor and any affiliates of Franchisor.

**17.7.** Upon Franchisor's request, Franchisee shall, concurrently with any offer submitted to Franchisor by Franchisee regarding a transfer or purported Assignment or at any other time at Franchisor's request, furnish Franchisor with an estoppel agreement indicating any and all claims, demands and causes of action, if any that Franchisee may have against Franchisor or if none so exist, so stating, and a list of all owners having an interest in this Agreement or in Franchisee, the percentage interest of each owner and a list of all officers, directors, members and/or shareholders in such form as Franchisor may require.

**17.8.** Any Assignment including any encumbrance, assignment or purported encumbrance or assignment of Franchisee's rights, privileges or interests under this Agreement without Franchisor's written consent shall be null and void, of no force and effect, and shall constitute grounds for termination of this Agreement as provided in Section 18 hereof.

**17.9.** Any assignment based upon the legal incapacity of Franchisee, whether by operation of law or otherwise, shall be subject to Franchisor's written consent and right of first refusal as provided herein.

**17.10.** If this Agreement is assigned, Franchisee shall remain liable to Franchisor for the obligations under this Agreement and the obligations of the assignee hereunder and which arise as a result of acts, events or omissions which occur prior to the effective date of the assignment or within the initial term of this Agreement; provided, however, that the foregoing limitation on liability shall not reduce Franchisee's continuing liability to the extent that Franchisee is a partner, shareholder or owner of an interest in the assignee. Franchisor's consent to any transfer hereunder shall not constitute a waiver or

release of any claims it may have against Franchisee as of the date of the assignment.

**17.11.** Any transfer of this Agreement, or any interest in this Agreement, or franchisee by will or intestate succession, or the sale of this franchise, or any interest in Franchisee constituting a Majority Interest by the executor or administrator of Franchisee's or such shareholder's or person's estate, shall be considered to be a transfer requiring compliance with the provisions of this Section 17, including the requirements concerning Franchisor's written approval of the assignee, the assignee's qualifications and training, and the execution of agreements. In the event Franchisor does not approve the qualifications of any heir or beneficiary to operate the Restaurant, the executor or administrator of Franchisee's estate shall have a period of 12 months following written disapproval to sell the franchise business to an assignee acceptable to Franchisor, during which 12 month period the Restaurant shall be operated in accordance with all the terms and provisions of this Agreement. Such sale shall be subject to Franchisor's right of first refusal pursuant to this Section 17. If such a sale is not concluded within that period, Franchisor may terminate this Agreement.

**17.12.** If, for convenience of ownership, Franchisee desires to assign this Agreement to a Business Organization to hold its interest in this Agreement, Franchisor will consent to the assignment of this Agreement to a Business Organization, provided that (i) none of the securities of an Business Organization shall be traded on any public exchange or over the counter market; (ii) the certificates or other evidence of ownership held by the owner thereof shall contain a restriction on transfer referencing this Agreement, in a form required by Franchisor; (iii) the ownership of the assignee Business Organization shall be in the same proportion as the ownership of Franchisee immediately prior to the transfer; and (iv) none of the shares of stock, membership interests, voting power, equity or ownership interests in the assignee Business Organization shall be held by or for the benefit of a business competitor of Franchisor. Franchisee shall pay the Entity Administration Fee upon Franchisee's request of the transfer, for each transfer to a Business Organization, or for each transfer of ownership amongst existing owners where such transfer is for the convenience of ownership only. At the time of request for a transfer for the convenience of ownership, Franchisee shall submit the following documents to Franchisor and Franchisor shall review, approve and/or disapprove such documents within 30 days thereafter:

**a.** For an assignment to a corporation, Franchisee shall provide to Franchisor a (i) file stamped copy of the Articles of Incorporation (or comparable organizational document) and By-laws of the proposed assignee corporation, (ii) a sample stock certificate, (iii) a Certificate of Good Standing in the state in which the corporation is authorized to do business and the state in which the corporation will conduct the restaurant business pursuant to this Agreement, and (iv) a list of directors, shareholders and officers and their percentage ownership of the stock of the corporation. Each share certificate of a corporation shall contain a restriction on transfer in a form designated by Franchisor.

**b.** For an assignment to a partnership, Franchisee shall provide to

Franchisor a (i) file stamped copy of the Certificate of Limited Partnership (if applicable) or the Statement of Partnership, and (ii) a copy of the fully executed Partnership Agreement, containing an exhibit showing the percentage of ownership in the partnership by all partners. The partnership agreement shall contain a restriction on transfer in a form designated by Franchisor.

**c.** For an assignment to a limited liability company, Franchisee shall provide to Company (i) Certificate of Formation (or comparable organizational document) of Limited Liability Company; (ii) a fully executed copy of the Operating Agreement, containing an exhibit showing the percentage of ownership of all members in the limited liability company; and (iii) the name of the Manager or Managers of the limited liability company. The operating agreement shall contain a restriction on transfer in a form designated by Franchisor.

**d.** Franchisee acknowledges that the purpose of the restrictions on transfer referenced in Sections 17.12(a) through 17.12(c) above is to protect Franchisor's trademarks, service marks, trade secrets, and operating procedures as well as the Franchisor's general high reputation and image, and is for the mutual benefit of Franchisor, Franchisee and other franchisees of the Franchisor. Franchisor shall not unreasonably restrict the issuance or transfer of stock or interests in a partnership or limited liability company, provided that, in no event, shall any share of stock of such assignee corporation, or an interest in a partnership or limited liability be sold, assigned or transferred to a business of a competitor of Franchisor or anyone of ill repute.

**17.13.** Where Franchisee desires to add a new principal to the Franchisee entity, Franchisee shall pay to Franchisor the New Principal Administration Fee.

**17.14.** In connection with a sale by Franchisee of all or substantially all of the assets relating to the Restaurant business, Franchisee may take a security interest in the Restaurant and the purchaser's rights under this Agreement in order to secure any financing that Franchisee provides to the purchaser for the purchase of the Restaurant. In the event of a default under such financing arrangement and the exercise by Franchisee of its rights under such security interest, Franchisee or the individual(s) purchasing the Restaurant out of a foreclosure sale may become the franchisee under this Agreement, subject to its compliance with each of the requirements set forth in this Section 17.

## **18. DEFAULT AND TERMINATION**

**18.1.** In addition to all other available rights and remedies, Franchisor shall have the right to terminate this Agreement only for "**cause**". "**Cause**" is hereby defined as a material breach of this Agreement, including, but not limited to, any of the facts or circumstances specified in Sections 18.2, 18.3, or 18.4.

**18.2.** In addition to all other available rights and remedies, Franchisor shall have the right upon the occurrence of any of the following events to immediately terminate this

Agreement by giving written notice to Franchisee.

**a.** Abandonment of the Restaurant by Franchisee by failing to operate the Restaurant business for 5 consecutive days or any shorter period of time after which Franchisor reasonably determines that Franchisee does not intend to continue to operate the business, unless such failure is due to fire, flood, earthquake or other similar cause beyond Franchisee's control, in which case Franchisee shall comply with each of the requirements set forth in Section 23.17;

**b.** Franchisee admits to an inability to pay its debts as the same become due, is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay its debts as they come due;

**c.** A levy of execution is made upon the Restaurant, the license granted by this Agreement or upon any property used in the Restaurant business, and it is not discharged within 5 days of such levy;

**d.** The Restaurant business, equipment or premises are seized, taken over or foreclosed by a creditor, lienholder or lessor, or a final judgment rendered against Franchisee remains unsatisfied for at least 30 days and a supersedeas or other appeal bond has not been filed;

**e.** The right to occupy or lease the Location is lost or terminated and Franchisee has not relocated the Restaurant, if permitted, pursuant to Section 23.17;

**f.** Franchisee or any of its partners, officers, directors or principal shareholders is convicted of any criminal misconduct that is relevant to the operation or ownership of the Restaurant or any felony;

**g.** The failure of Franchisee to reach each milestone and to open and operate the Restaurant in accordance with and by the time set forth in Section 4.1;

**h.** Any purported Assignment, including the transfer or sublicense of this franchise, or any right hereunder, without the prior written consent of Franchisor;

**i.** Any material misrepresentation is made by Franchisee in connection with the acquisition of the franchise herein;

**j.** Franchisee engages in conduct which reflects materially and unfavorably upon the operation, the reputation of the Restaurant business, the El Pollo Loco<sup>®</sup> System, or the goodwill associated with the El Pollo Loco<sup>®</sup> Marks;

**k.** Franchisee on 3 or more occasions fails to comply with 1 or more material standards or requirements of this Agreement (or as specified in the Manual), whether or not corrected after notification thereof;

**l.** A repetition within a one-year period of any default (whether or not that earlier default was corrected after notification thereof) shall justify Franchisor in terminating this Agreement upon written notice to Franchisee without allowance for any curative period;

**m.** Failure of Franchisee, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation and maintenance of the Restaurant, including, but not limited to, public health and safety requirements;

**n.** Reasonable determination on the part of Franchisor that continued operation of the Restaurant by Franchisee will result in an imminent danger to public health or safety;

**o.** Except for noncompliance otherwise covered by Section 18.2.k above, failure of Franchisee to correct a deficiency or unsatisfactory condition referred to in an Inspection Report (discussed in Section 15 hereof) which Franchisor reasonably determines may have a material adverse effect on the ownership or operation of the Restaurant after having received a reasonable opportunity to cure such deficiency or unsatisfactory condition, which in no event need be more than 30 days;

**p.** In the event that Franchisee leases or subleases the Location and/or the leasehold improvements thereon from a third party, the failure of Franchisee to cure any and all defaults under the terms and provisions of any such lease or sublease within the time provided for the curing of any such default(s) in any such lease or sublease;

**q.** Any misrepresentation by Franchisee or any violation of the Anti-Terrorism Laws by Franchisee or its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates.

**18.3.** Except for any default by Franchisee under Section 18.2, or as otherwise expressly provided in this Agreement, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Franchisor or its affiliates or to vendors for any products, services or required fees due to such vendors), after Franchisor's written notice of a material default within which to remedy any material default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as applicable law may require or as Franchisor may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

**18.4.** Franchisee shall be in material default under this Section for any failure to comply with any of the requirements imposed by this Agreement. Such material defaults shall include, but are not limited to, the occurrence of any one or more of the following events:

- a.** Failure of Franchisee to pay to Franchisor, its affiliates or any third-parties any fees, costs, charges or other amounts due;
- b.** Failure of Franchisee to pay when due any rent, taxes or other payments required under any sublease with Franchisor for the Location;
- c.** Failure of Franchisee to cure any default by Franchisee under any loan, note or other obligation which is obtained to assist Franchisee to make any payment due Franchisor hereunder or which is secured by all or any part of Franchisee's interest in the Restaurant, the Location, and/or the improvements or furniture, fixtures or equipment therein;
- d.** The attachment of any involuntary lien in the sum of \$1,000.00 or more upon any of the business assets or property of Franchisee, which lien is not removed, or for which Franchisee does not post a bond sufficient to satisfy such lien, within 30 days of the filing of such lien;
- e.** The failure of Franchisee and/or its affiliates to cure any and all defaults under the terms and provisions of any other agreement with Franchisor, including, but not limited to, the Franchise Development Agreement, Sublease, Purchase Agreement, or any third party relating to this franchise or the operation or ownership of the Restaurant, including, but not limited to, any other franchise agreement, lease or promissory note between Franchisor or its affiliate and Franchisee within the time provided for the curing of any such defaults in any such other agreement, lease or promissory note;
- f.** Franchisee's misuse or unauthorized use of the El Pollo Loco® Marks;
- g.** Failure of Franchisee to comply with any standard or requirement of this Agreement which is not otherwise covered in this Section 18.

**18.5.** Notwithstanding anything to the contrary contained in this Section 18, in the event any valid, applicable law of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or dispute relating to this Agreement or the termination thereof.

**18.6.** Franchisor shall not, and cannot be held in breach of this Agreement until (i) Franchisor has received written notice from Franchisee describing in detail any alleged breach; and (ii) Franchisor has failed to remedy the breach within a reasonable period of

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

time after such notice, which period shall not be less than 60 days plus such additional time as reasonably required by Franchisor if because of the nature of the alleged breach it cannot reasonably be cured within said 60 days, provided Franchisor promptly commences and continues diligently to cure such alleged breach. Except for breach hereof by Franchisor (subject to the preceding sentence) or as permitted under Section 23.17 hereof, Franchisee shall have no right to terminate this Agreement.

## 19. RIGHTS AND OBLIGATIONS UPON TERMINATION

### 19.1. In the event of expiration or earlier termination of this Agreement:

a. Franchisee shall promptly cease to use, in any manner and for any purpose, directly or indirectly, the El Pollo Loco® Marks, the El Pollo Loco® System, Franchisor's trade secrets, proprietary information, policies, procedures, techniques, methods and materials used by Franchisee in connection with the franchise relationship and shall immediately return to Franchisor, or certify as destroyed any and all (including electronic) copies of any of the foregoing, including, but not limited to:

- i. Specifications, recipes and descriptions of food products;
- ii. The Manual, memoranda, bulletins, forms, reports, instructions and supplements thereto;
- iii. Training methods and materials provided by Franchisor hereunder;
- iv. Brochures, posters and other advertising materials; and
- v. All items bearing or containing the El Pollo Loco® Marks, including without limitation, all trademarks, trade names, service marks, logotypes, designs and other identifying symbols and names pertaining thereto.

b. Franchisee shall immediately remove, obliterate or destroy all Signs and advertisements identifiable in any way with Franchisor's name and perform such reasonable redecoration and remodeling of the Restaurant and the Location as may be necessary, in Franchisor's judgment, to distinguish it from an El Pollo Loco® restaurant. To the extent that Franchisor is required under applicable law to repurchase certain goods from Franchisee, Franchisee hereby grants to Franchisor the option to purchase all paper goods, containers and all other items containing Franchisor's name or the El Pollo Loco® Marks which are in re-saleable or reusable condition at the lower of their cost or fair market value at the time of termination;

c. Franchisor may retain all fees paid pursuant to this Agreement;

d. On any termination or expiration of this Agreement, whether due to a default of Franchisee or otherwise, Franchisor shall have the right, at its option, for 30 days after such termination or expiration to elect to purchase Franchisee's interest in the leasehold improvements and furniture, fixtures, equipment, and any or all of the other tangible Restaurant assets (collectively, "**Assets**") at a purchase price equal to the lesser of Franchisee's cost or the fair market value of such Assets, and to purchase Franchisee's inventory at Franchisee's cost thereof. If the parties hereto cannot agree on the fair market value for the Assets within 45 days of any such date of termination or expiration, Franchisor shall designate an independent appraiser whose determination shall be

binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee and the costs of the appraisal, if any, against any payment therefor;

**e.** Should Franchisee fail to perform any of these tasks, the Franchisor's personnel and representative shall have the right to enter the Restaurant at any time, with or without notice, for the purposes of removing all trademarks, trade names, service marks, logotypes, designs and other identifying symbols and names pertaining to El Pollo Loco brand and to remove, obliterate or destroy all Signs and advertisements identifiable in any way with Franchisor's name and perform such reasonable redecoration and remodeling of the Restaurant and the Location as may be necessary, in Franchisor's judgment, to distinguish it from an El Pollo Loco<sup>®</sup> restaurant. The cost of performing this will be billed to Franchisee and payable within 5 days of receipt of invoice; and

**f.** Franchisee shall comply with the covenants set forth in Section 21.7 of this Agreement.

**19.2.** Upon the expiration or termination of this Agreement, Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates. In the event of termination by reason of any default of Franchisee, such sums shall include all damages (including, but not limited to, any lost future royalties and advertising fees), costs and expenses (both internal and external), including reasonable attorneys' fees (both internal and external), incurred by Franchisor as a result of the default, which obligation to pay all such sums shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, Signs, fixtures, and inventory owned by Franchisee located in the Restaurant operated hereunder at the time of any such default. Franchisee shall pay interest to Franchisor on any amounts which may become due to Franchisor from Franchisee, if such are not paid when due, at the rate of 15% per annum or the maximum interest rate permitted by law, whichever is less.

**19.3.** The expiration or termination of this Agreement shall be without prejudice to the rights and remedies of Franchisor against Franchisee. Furthermore, such expiration or termination shall neither release Franchisee or any of its obligations and liabilities to Franchisor existing at the time thereof nor terminate those obligations and liabilities of Franchisee which, by their nature, survive the expiration or termination of this Agreement.

**19.4.** Upon expiration or termination of this Agreement, Franchisor may remove all references to the Franchise and/or to the Restaurant from its website(s).

**19.5.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of any of the provisions of this Section 19, including the covenants in Section 21.7. Franchisee agrees to pay all costs and expenses (both internal and external), including reasonable attorneys' fees (both internal and external) incurred by Franchisor in connection with the enforcement of this Section 19.

## 20. RIGHTS TO A SUCCESSOR FRANCHISE

**20.1.** Franchisee shall have the right, subject to the conditions contained in this Section 20.1, to acquire a successor franchise for the Restaurant on the terms and conditions of Franchisor's then-current form of franchise agreement and for a term of 10 years (a "**Successor Term**") commencing on the expiration of the term of this Agreement. The then-current form of franchise agreement may have different terms and conditions such as a different protected area, higher royalty and/or advertising fees, no additional successor or renewal term upon expiration and other modifications to reflect that the then-current form of franchise agreement relates to the grant of a renewal. Franchisee's right to a successor franchise shall be conditioned upon the satisfaction of each of the following conditions prior to the expiration of the term of this Agreement: (a) Franchisee is in compliance with this Agreement in all respects including financial and operational compliance and has been in substantial compliance with this Agreement throughout the term; (b) Franchisee meets Franchisor's then-current criteria for renewing franchisees, which includes but is not limited to financial and operational standards; (c) Franchisor has not notified Franchisee of its decision that any federal or applicable state legislation, regulation or rule which is enacted, promulgated or amended after the date hereof may have an adverse effect on Franchisor's rights, remedies or discretion in franchising El Pollo Loco® restaurants; (d) Franchisee maintains the right to possession of the Location for the term of the successor franchise agreement; (e) Franchisee shall have paid the renewal fee described in the final sentence of this Section 20.1; and (f) Franchisee satisfies each of the conditions and executes and delivers the agreement described in Sections 20.2, 20.3 and 20.4 below. At the time of exercise, Franchisee will be obligated to pay a renewal fee equal to 50% of Franchisor's then-current standard IFF if Franchisee elects a Successor Term plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the successor franchise agreement or (ii) upon receipt of invoice. Solely as Franchisor's sole and absolute right to determine, Franchisee may be offered a successor franchise for a term different than the standard 10 years to run concurrent with the remaining term of the (sub)lease for where the Restaurant is located. This pro-rated term successor franchise agreement ("**Pro-rated Successor Franchise Agreement**") will use the then-current form of franchise agreement (modified as described above). In order to qualify for the Pro-rated Successor Franchise Agreement, Franchisee must meet the same conditions listed above from (a) to (f) and Franchisee will be obligated to pay a renewal fee equal to 50% of Franchisor's then-current standard IFF pro-rated to the remaining (sub)lease term.

**20.2.** Franchisee must give Franchisor written notice of Franchisee's desire to acquire a successor franchise at least 360 days prior to the expiration of this Agreement. Franchisor will give Franchisee notice, not later than 60 days after receipt of notice, of Franchisor's decision as to whether or not Franchisee has the right to acquire a successor franchise pursuant to Section 20.1. Notwithstanding notice of Franchisor's decision that Franchisee has the right to acquire a successor franchise for the Restaurant, Franchisee's right to acquire a successor franchise will be subject to Franchisee's continued compliance with all of the terms of this Agreement up to the date of its expiration.

**20.3.** If Franchisee exercises the right to acquire a successor franchise in accordance with Section 20.2 above, Franchisee shall enter into an agreement with Franchisor within 60 days following delivery of the written notice pursuant to Section 20.2, agreeing to remodel the Restaurant, add or replace improvements, fixtures, furnishings, equipment and Signs, and otherwise modify to upgrade the Restaurant to the specifications, image and standards then applicable for new El Pollo Loco® restaurants. All such remodeling, additions and replacements must be completed prior to the effective date of such successor franchise agreement.

**20.4.** If Franchisee has the right to acquire a successor franchise in accordance with Section 20.1 and exercises that right in accordance with Section 20.2, the parties must execute the form of franchise agreement (which may contain provisions, including royalty and advertising fees, materially different from those contained herein) and all ancillary agreements which Franchisor then customarily uses in granting renewal franchises for the operation of El Pollo Loco® restaurants, and Franchisee must execute general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees, agents, successors and assigns. Failure by Franchisee to sign such agreements and releases within 30 days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to acquire a successor franchise.

## **21. PROPRIETARY RIGHTS AND UNFAIR COMPETITION**

**21.1.** In the event of any claim of or challenge to Franchisee's use of the El Pollo Loco® Marks licensed under this Agreement, Franchisee shall immediately notify Franchisor in writing of the facts of such claim or challenge.

**a.** Franchisor shall protect and defend Franchisee against any claims or challenges arising out of Franchisee's proper use of the El Pollo Loco® Marks licensed hereunder.

**b.** Franchisor shall reimburse Franchisee for all damages for which it is held liable in any such proceeding; however, the foregoing obligations of Franchisor to protect, defend and reimburse Franchisee will exist only if Franchisee has used the name or mark which is the subject of the controversy in strict accordance with the provisions of this Agreement and the rules, regulations, procedures, requirements and instructions of Franchisor and has notified Franchisor of the challenge as set forth above.

**c.** Any action to be taken in the event of a claim or challenge to any of the El Pollo Loco® Marks shall be solely and absolutely within Franchisor's right to determine. Franchisor shall have the sole and absolute right to control any legal actions or proceedings resulting therefrom. Any actions taken to protect the El Pollo Loco® Marks shall also be within the sole and absolute right to determine and control of Franchisor. Franchisee shall cooperate fully with Franchisor in the prosecution or defense of any claim or challenge concerning any of the El Pollo Loco® Marks.

**21.2.** If it becomes advisable at any time, as the sole and absolute right of Franchisor, to modify or discontinue the use of any one or more of the El Pollo Loco® Marks or to use one or more additional or substitute names, marks or copyrights, Franchisee shall immediately comply with the instructions of Franchisor in that regard. In such event, the sole obligation of Franchisor will be to reimburse Franchisee for the actual costs, such as replacing sign faces, of physically complying with this obligation.

**21.3.** Franchisee acknowledges and agrees that at all times and in all respects, the El Pollo Loco® Marks are the sole property of Franchisor and that Franchisee has only a license to use such rights and marks according to the provisions hereof. Franchisee shall make no application for registration of any identifying name or mark licensed herein or similar thereto without the prior written consent of, and upon terms and conditions satisfactory to, Franchisor. Franchisee shall not register any of the El Pollo Loco® Marks, part thereof, or anything confusingly similar thereto, as a domain name, or use, or permit the usage of, any of the same in connection with any Internet web site or web page. Franchisee shall indicate the required trademark, service mark or copyright notices in the form specified by Franchisor in connection with its use of the El Pollo Loco® Marks. Franchisee shall take no action which will interfere with any of Franchisor's rights in and to the El Pollo Loco® Marks. Franchisee shall not, without Franchisor's prior written consent, sell, dispense or otherwise provide Franchisor's products or any El Pollo Loco products bearing the El Pollo Loco® Marks, except by means of retail sales in, or delivered from, the Restaurant.

**21.4.** Intranet.

**a.** Franchisor may, at its option, establish and maintain an Intranet through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information. Franchisor shall have sole and absolute right to determine and control all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without Franchisor having any liability to Franchisee. (As used herein, the term “**Intranet**” shall mean an intranet, extranet or other communication network between and among Franchisor and Franchisee that is accessed by the Internet. As used herein, the term “**Internet**” shall mean collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio or other methods of electronic communication.)

**b.** If Franchisor establishes an Intranet, Franchisee shall have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to

time. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) confidential treatment of materials that Franchisor transmits via the Intranet; (iii) password protocols and other security precautions; (iv) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet; and (v) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

**c.** Upon receipt of notice from Franchisor that Franchisor has established the Intranet, Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

**d.** Franchisee shall contribute a reasonable amount, not to exceed \$1,000.00 per year (which maximum amount shall increase at a rate of 3% per calendar year during the term of this Agreement, toward the cost of the Intranet's maintenance. Such contribution shall be established by Franchisor by not later than March 1 of each calendar year and shall be payable 30 days thereafter.

**e.** If Franchisee shall breach this Agreement or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manuals.

**21.5.** Franchisor has established a Website. As used herein, the term "**Website**" shall mean one or more Internet websites that may, among other things, provide marketing development operations and training materials, facilitate catering, take-out, curbside pickup and delivery orders, provide information about the System and the products and services which are offered on such Website and at restaurants operated under the El Pollo Loco® Marks.

**a.** Franchisor may, as its sole and absolute right to determine, from time to time, without prior notice to Franchisee: (i) change, revise, or eliminate the design, content and functionality of the Website; (ii) make operational changes to the Website; (iii) change or modify the URL and/or domain name of the Website; (iv) substitute, modify, or rearrange the Website, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (1) comply with

applicable laws, (2) respond to changes in market conditions or technology, and (3) respond to any other circumstances; (v) limit or restrict end-users access (in whole or in part) to the Website; and (vi) disable or terminate the Website without Franchisor having any liability to Franchisee.

**b.** The Website may include one or more interior pages that identifies restaurants operated under the El Pollo Loco® Marks, including the Restaurant, by among other things, geographic region, address, telephone number(s), and menu items. The Website may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor's investors.

**c.** Franchisor may, from time to time, establish a Franchisee Page. As used herein, the term "**Franchisee Page**" shall mean one or more interior pages of the Website dedicated in whole or in part to Franchisee's Restaurant. Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee's execution of Franchisor's then-current participation agreement, and Franchisee's compliance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Such participation agreement may require Franchisee to pay a reasonable fee (not to exceed \$1,000.00 per year, which maximum shall increase at a rate of 3% per year for the term of this Agreement) for the privilege of having a Franchisee Page, and may include, without limitation, specifications and limitations for the data or information to be posted to the Franchisee Page, customization specifications, the basic template for design of the Franchisee Page, parameters and deadlines specified by Franchisor, disclaimers, and such other standards and specifications and rights and obligations of the parties as Franchisor may establish from time to time. Any modifications (including customizations, alterations, submissions or updates) to the Content made by Franchisor for any purpose will be deemed to be a "**work made for hire**" under the copyright laws, and therefore, Franchisor shall own the intellectual property rights in and to such modifications. To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignment(s) as Franchisor may request.

**d.** Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation on the Website as Franchisor's sole and absolute right to determine, if Franchisee shall breach this Agreement, or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Restaurant on the Website until said breach is cured.

**21.6.** Franchisee acknowledges that, in connection with the operation of the franchise business, Franchisor will be disclosing confidential information and trade secrets to Franchisee. Franchisee further acknowledges that its knowledge of, and access to, Franchisor's formulae, recipes, processes, products, techniques, know-how and other proprietary information, including without limitation the Manual and the El Pollo Loco® System (collectively referred to as the "**Confidential Information**"), are derived

entirely from the material disclosed to Franchisee by Franchisor. Franchisee acknowledges and agrees that at all times and in all respects, the Confidential Information is a trade secret of Franchisor and that Franchisee has only a license to use the Confidential Information according to the provisions of this Agreement.

**a.** Franchisee, and each officer, director, shareholder, member, manager, partner, and other equity owner, as applicable, of Franchisee, if Franchisee is a Business Organization, shall maintain fully and strictly the secrecy of all the Confidential Information and to exercise the highest degree of diligence in safeguarding the Confidential Information during and after the term of this Agreement. Franchisee shall divulge the Confidential Information only to Franchisee's employees and only to the extent necessary to permit the efficient operation of the Restaurant during the effective term of this Agreement. After the expiration or termination of this Agreement, Franchisee shall not divulge the Confidential Information to any person or entity, nor shall Franchisee use the Confidential Information in any manner.

**b.** It is expressly agreed that the ownership of all of the El Pollo Loco® Marks and the Confidential Information is and shall remain vested solely in Franchisor. Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Franchisee any secret processes, formulae, ingredients or other information, except the material contained in Franchisor's Manual and training materials.

**c.** Franchisee shall fully and promptly disclose to Franchisor, all ideas, concepts, formulas, recipes, methods, techniques, and other possible improvements (each an "**Improvement**") relating to the development or operation of a quick service flame-grilled food product and/or related service, conceived or developed by Franchisee or Franchisee's employees during the Term. Any and all such Improvements will automatically be deemed to be Franchisor's sole and exclusive property and works made-for-hire; provided, however, for any such improvements that do not qualify as work made-for-hire for Franchisor, Franchisee hereby assigns ownership of that or those Improvements to Franchisor and covenants to execute whatever assignment or other documentation Franchisor requests in order to evidence such assignment and to assist Franchisor in securing intellectual property rights in the Improvement. Franchisee may not test, offer, or sell any new products without Franchisor's prior written consent, which may be withheld as Franchisor's sole and absolute right.

**21.7.** To further protect the El Pollo Loco® System while this Agreement is in effect, Franchisee and each officer, director, shareholder, member, manager, partner, and other equity owner, as applicable, of Franchisee, if Franchisee is a Business Organization, shall neither directly nor indirectly, for itself, himself or herself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, consult, work for, be employed by, own any equity interest in, own, operate, control, engage in, provide assistance to, or have any interest (financial or otherwise) in any other business which would constitute a "**Competitive Business**" (as hereinafter defined) without the prior written consent of Franchisor; provided further, that Franchisor may, as its sole and absolute right, consent to Franchisee's continued operation of any business

already in existence and operating at the time of execution of this Agreement. In addition, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous, uninterrupted period commencing upon the expiration, termination or assignment of this Agreement, regardless of the cause for termination, and continuing for 2 years thereafter, either directly or indirectly, for itself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, consult, work for, be employed by, own equity interest in, own, operate, control, engage in, provide assistance to, or have any interest (financial or otherwise) in any Competitive Business which is located or has outlets or restaurant units within a radius of 5 miles of the location of the Restaurant. The foregoing shall not apply to operation of an El Pollo Loco® restaurant by Franchisee pursuant to another franchise agreement with Franchisor or the ownership by Franchisee of less than 5% of the issued or outstanding stock of any company whose shares are listed for trading on any public exchange or on the over-the-counter market, provided that Franchisee does not control or become involved in the operations of any such company. For purposes of this Section 21.7, a Competitive Business shall mean a quick-service restaurant or fast-food business which sells chicken and/or Mexican food products, which products individually or collectively represent more than 20% of the revenues from such quick-service restaurant or fast-food business operated at any one location during any calendar quarter. A “**Competitive Business**” shall not include a full-service restaurant.

**21.8.** In the event that any provision of this Section 21 shall be determined by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall not be void, but such provision shall be limited to the extent necessary to make it valid and enforceable.

**21.9.** Franchisee understands and acknowledges that Franchisor shall have the right to reduce the scope of any obligation imposed on Franchisee by Section 21.7, without Franchisee’s consent, and that such modified provision shall be effective upon Franchisee’s receipt of written notice thereof.

**21.10.** Franchisee acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee hereby consents to the entry of a preliminary and permanent injunction prohibiting any conduct by Franchisee in violation of the terms of those covenants not to compete set forth in this Agreement. Franchisee expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through Franchisee’s unlawful utilization of Franchisor’s Confidential Information, know-how, methods and procedures.

## 22. DISPUTE RESOLUTION

**22.1.** Initial Meeting and Mediation – Except as otherwise provided in this Agreement, before any legal action involving any claim or controversy between Franchisor and Franchisee (including its affiliates) relating to (a) this Agreement, (b) the parties' business activities conducted as a result of this Agreement, or (c) the parties' relationship or business dealings with each other generally is filed, the following procedures shall be complied with:

**a.** The party wishing to resolve a dispute shall initiate negotiation proceedings by first requesting in writing a meeting. Within 45 days of receipt of the initial request for such a meeting, the parties shall meet, discuss and negotiate toward a resolution of the controversy at a location within the county in which Franchisor is then located.

**b.** If negotiation efforts do not succeed, the parties shall engage in mandatory but non-binding mediation by a mediator jointly chosen by the parties or if the parties cannot agree upon a mediator, appointed by, and in accordance with the procedures of, JAMS or, if JAMS is no longer in existence, an organization of similar quality.

**c.** A mediation meeting will be held at a place and at a time mutually agreeable to the parties and the mediator. The Mediator will determine and control the format and procedural aspects of the mediation meeting which will be designed to ensure that both the mediator and the parties have an opportunity to present and hear an oral presentation of each party's views regarding the matter in controversy. The parties will act in good faith to resolve the controversy in mediation.

**d.** The mediation will be held as soon as practicable after the negotiation meeting is held.

**e.** The mediator will be free to meet and communicate separately with each party either before, during or after the mediation meeting within 60 days of demand by either party.

**22.2.** At the election of Franchisor, the provisions of this Section 22 shall not apply to controversies relating to any fee due Franchisor by Franchisee or its affiliates, any promissory note payments due Franchisor by Franchisee, or any trade payables due Franchisor by Franchisee as a result of the purchase of equipment, goods or supplies. The provisions of this Section 22 shall also not apply to any controversies relating to the use and protection of the El Pollo Loco Marks, the Manual or the El Pollo Loco System, including without limitation, Franchisor's right to apply to any court of competent jurisdiction for appropriate injunctive relief for the infringement of the El Pollo Loco Marks or the El Pollo Loco System.

## 23. MISCELLANEOUS PROVISIONS

**23.1.** In the event that Franchisee is comprised of more than one person, firm, corporation or other entity, Franchisee's rights, privileges, interests, obligations and liabilities under this Agreement shall be joint and several with respect to such persons, firms, corporations or other entities.

**23.2.** If Franchisee is a Business Organization, Franchisor will require, as a condition to the effectiveness hereof, the written guarantee and assumption of Franchisee's obligations hereunder by any or all of the shareholders, members, partners, other equity owners, as applicable, of a Business Organization and/or some other natural persons associated with Franchisee, the form of which is attached hereto as Exhibit 2. Franchisor may also require that Franchisee maintain transfer instructions restricting a transfer on its records of any securities, partnership interests or other ownership interests in violation of the restrictions set forth in Section 17 and that each stock, partnership or other ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to Franchisor that further assignment or transfer thereof is subject to each of the restrictions imposed upon assignments by this Agreement.

**23.3.** All notices required under this Agreement shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice.

**The address for Franchisor shall be:**

Attention: Chief Legal Officer re EPL #\_\_\_\_\_, El Pollo Loco, Inc., 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626.

**The address and facsimile number for Franchisee shall be:**

The address and facsimile number listed on the cover page of this Agreement.

Any notice that we send to you may be sent only to the first person identified on Schedule 1, Statement of Ownership Interest of Franchisee, even if you have multiple owners. Franchisor or Franchisee may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein. Notwithstanding anything to the contrary contained herein, Franchisor may deliver bulletins and updates to the Manual by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor.

**23.4.** Notwithstanding the above, Franchisor may elect to utilize email or similar

communications to Franchisee for the purpose of communicating System modifications, operations, marketing and other bulletins, menu changes, product or equipment safety or recall alerts, or any other message Franchisor determines, and Franchisee hereby acknowledges that such communications will constitute actionable communication under this Agreement and shall ensure that Franchisee's communications system includes the capability, and is set or programmed, to receive such communications from Franchisor on a continual basis throughout the Term. Franchisee must never opt out or refuse to accept any of such Franchisor communications at any time during the Term.

**23.5.** The receipt and acceptance by either party of any delinquent payment due hereunder shall not constitute a waiver of any other default. No delay or omission in the exercise of any right or remedy of either party upon any default by the other hereunder shall impair such right or remedy or be construed as a waiver of any term, covenant or condition of this Agreement to be performed by the other party. To be effective, any waiver of any other default must be in writing and shall not constitute a waiver of any other default concerning the same or any other term, covenant or condition of this Agreement.

**23.6.** Franchisor's consent to or approval of any act or conduct of Franchisee requiring such consent or approval shall not be deemed to waive or render unnecessary Franchisor's consent to or approval of any subsequent act or conduct hereunder.

**23.7.** The provisions of this Agreement are intended by the parties to be a complete and exclusive expression of their agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties except as set forth or referenced herein. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). The provisions of this Agreement may not be contradicted by any other statement concerning the subject matter herein. Subject to our right to modify the Manual and other documents related to the System Standards, this Agreement may not be amended or modified except by a written agreement signed by the parties hereto. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest Franchise Disclosure Document that we furnished to you.

**23.8.** In the event of the bringing of any action by either party against the other arising out of or in connection with this Agreement or the enforcement thereof, or by reason of the breach of any term, covenant or condition of this Agreement on the part of either party, the party in whose favor final judgment is entered shall be entitled to have and recover from the other party reasonable attorneys' fees (internal and external) plus costs and expenses (internal and external) reasonably incurred from commencing, and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements), the amount to be fixed by the court rendering such

judgment.

**23.9.** This Agreement shall be governed by and construed in accordance with the laws of the state in which Franchisor's then-current headquarters is located (i.e., currently, the State of California); provided however that: (i) the provisions in Section 21.7 covering competition following the expiration, termination or assignment of this Agreement shall be governed by the laws of the state in which the breach occurs; (ii) the provisions of any law of a state regarding franchises (including registration, disclosure or relationship issues, and the regulations promulgated thereunder) shall not apply unless such state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section; and (iii) if any matter related to this Agreement would be unenforceable under the laws of the state where Franchisor's then-current headquarters is located, but would be enforceable under the laws of the state in which the Franchisee is based, then the laws of the state in which the Franchisee is based shall apply to such matter. **ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT WITHIN THE STATE IN WHICH FRANCHISOR'S HEADQUARTERS (CURRENTLY THE STATE OF CALIFORNIA) IS THEN LOCATED. THE ACTION SHALL BE BROUGHT IN FEDERAL COURT IF FEDERAL COURT JURISDICTION IS AVAILABLE AND, IF NOT, IN STATE COURT. THE PARTIES HEREBY WAIVE ANY RIGHT TO DEMAND OR HAVE TRIAL BY JURY IN ANY ACTION RELATING TO THIS AGREEMENT IN WHICH FRANCHISOR IS A PARTY. THE PARTIES CONSENT TO THE EXERCISE OF PERSONAL JURISDICTION OVER THEM BY SUCH COURTS IN CALIFORNIA AND TO THE PROPRIETY OF VENUE OF SUCH COURTS FOR THE PURPOSE OF CARRYING OUT THIS PROVISION, AND EACH PARTY WAIVES ANY OBJECTION THAT IT WOULD OTHERWISE HAVE TO THE SAME. ANY ACTION BETWEEN FRANCHISEE AND FRANCHISOR SHALL INVOLVE ONLY THE INDIVIDUAL CLAIMS OF FRANCHISEE AND SHALL NOT INVOLVE ANY CLASS, GROUP, JOINT, CONSOLIDATED, REPRESENTATIVE OR ASSOCIATIONAL ACTION.**

**23.10.** Except with respect to Franchisee's obligation to indemnify Franchisor pursuant to Sections 9.3 and 9.4 of this Agreement, the parties waive to the fullest extent permitted by the law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains and injunctive relief. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Restaurant, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within a year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

**23.11.** Any provision of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this

Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. To the extent permitted by applicable law, Franchisee waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.

**23.12.** Franchisee recognizes the unique value and secondary meaning attached to the El Pollo Loco® System, the El Pollo Loco® Marks, the Confidential Information and the associated standards of operation and trade practices, and Franchisee agrees that any noncompliance with the terms of this agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and its franchisees. Franchisee therefore agrees that if it should engage in any such unauthorized or improper use, during or after the term of this Agreement, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law. Franchisee agrees and acknowledges that in such event, Franchisee may be required to post a bond while Franchisor shall not be required to post a bond.

**23.13.** Franchisee shall grant no security interest in the franchise or in any of the tangible assets of the business including the furniture, fixtures and equipment located in the Restaurants, unless the secured party agrees that in the event of any default by Franchisee and exercise of its right to take and sell such assets under any documents relating to such security interests, Franchisor shall have the right and option to exercise a right of first refusal to purchase such assets on the same terms and conditions offered by the secured party. If, within 30 days after receipt of the offer, which would include information and documentation as Franchisor may need or require for the purpose of considering whether to exercise its right of first refusal to purchase such assets, Franchisor does not indicate its acceptance of the offer as stated in the notice, secured party shall thereafter have the right to make the sale to the proposed transferee on the same terms and conditions as stated in the notice. Should Franchisor not exercise its right of first refusal and should the contemplated sale not be completed within 120 days from the date of the notice, or should the terms and conditions thereof (including the proposed transferee or the ownership therein) be altered in any material way, this right of first refusal shall be reinstated and any such subsequent proposed sale or altered terms and conditions of the current transaction must again be offered to Franchisor in accordance with the terms listed above.

**23.14.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their permitted heirs, successors and assigns.

**23.15.** This Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by authorized officers of Franchisor. This Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign or equivalent), shall be considered an original for all purposes hereunder.

**23.16.** The parties intend to confer no benefit or right on any person or entity not a party to this Agreement, and no third party shall have the right to claim the benefit of any provision hereof as a third party beneficiary of any such provision. Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of Franchisor. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Restaurant.

**23.17.** If following commencement of business at the Restaurant, the Restaurant is damaged or destroyed to the extent that Franchisor determines that the Restaurant must be closed for repairs for more than 60 days, or if the Location is taken by condemnation proceedings or Franchisee's lease is terminated through no act or failure to act on its part (except the failure to utilize any available options to extend such lease, or Franchisee's willful truncation of such lease), then at Franchisor's option, Franchisor may elect to:

**a.** terminate this Agreement, require Franchisee to relocate the Restaurant, or in the case of a casualty, require Franchisee to rebuild the Restaurant.

**b.** require Franchisee to rebuild the Restaurant, and Franchisee shall, at its own expense, repair or reconstruct the Restaurant, and such construction shall be completed, and the Restaurant shall reopen for business not later than 12 months following the date the triggering event occurred. The minimum acceptable appearance for the reconstructed Restaurant will be that which existed just prior to the casualty; however, every effort shall be made to have the reconstructed Restaurant reflect the then-current image, design and specifications of new El Pollo Loco® restaurants.

**c.** require Franchisee to relocate the Restaurant, Franchisee must execute Franchisor's then-current form of Development Agreement within 30 days of the date Franchisor notifies Franchisee of Franchisor's election. Franchisee must follow the site selection and approval procedures associated with the Development Agreement; provided, however, that no development fee shall be required to be paid. Upon approval by Franchisor of a new site, Franchisee must execute Franchisor's then-current form of franchise agreement; provided, however, that the term of such new agreement shall be equal to the remaining term of this Agreement and Franchisee shall not be required to pay a new IFF. Franchisee will submit a replacement site for the new Restaurant, in accordance with the time frames indicated in the then-current form of Development Agreement, and which replacement site shall be located in an area defined as a radius surrounding the existing site of the Restaurant, the exact dimensions of which shall be reasonably negotiated between Franchisee and Franchisor taking into consideration the rights of other then-existing and potential franchisees. If Franchisor approves the new site, Franchisee shall either acquire or lease the site and design, construct and furnish the Restaurant in conformance with the design and construction requirements imposed by Franchisor for new El Pollo Loco® restaurants. The new Restaurant must be open for business not later than 12 months following the date of the casualty or loss of possession of the original Location.

d. terminate this Agreement, and Franchisee shall promptly comply with the requirements set forth at Sections 19.1 and 19.2.

## **24. EFFECTIVE DATE**

**24.1.** This Agreement shall be effective as of the date it is executed by Franchisor (the “**Effective Date**”).

## **25. ACKNOWLEDGMENTS**

**25.1.** Franchisee acknowledges that Franchisee has received a complete copy of the El Pollo Loco® Disclosure Document, together with all exhibits, issuance date \_\_\_\_\_ (Control Number 032924), at least 14 calendar days prior to the date on which this Agreement was executed by Franchisee or payment of any monies to Franchisor.

**25.2.** The execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

**25.3.** Each individual executing this Agreement on behalf of Franchisee is duly authorized to do so, and this Agreement constitutes a valid and binding obligation of Franchisee.

**25.4.** Franchisee understands and acknowledges the value to the System and to the uniform and ethical standards of quality, consistency, appearance, and service described in and required by the Manual (which may be periodically modified, as provided in this Agreement) and the necessity of operating the franchised business under the standards set forth in the Manual; and, Franchisee has the capabilities, professionally, financially and otherwise, to comply with the standards of Franchisor.

**25.5.** Incorporated herein by this reference is all of the additional information provided by Franchisee to Franchisor as part of the application process pertinent to the grant of franchise evidenced by this Agreement. Franchisee acknowledges that Franchisor has relied on each item of such information in granting this franchise.

**25.6.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **26. ANTI-TERRORISM LAW**

**26.1.** Franchisee certifies that neither Franchisee or its employees, or anyone

associated with Franchisee is listed in the Annex to Executive Order 13224<sup>1</sup>. Franchisee promises not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee promises to comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of its property or interests is subject to being "**blocked**" under any of the Anti-Terrorism Laws, and that Franchisee are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations under this Section. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee or its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

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<sup>1</sup> <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.

**27. SIGNATURES**

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date(s) first set forth below.

FRANCHISOR:  
**EL POLLO LOCO, INC.**, a Delaware Corporation

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

FRANCHISEE:  
\_\_\_\_\_,  
a \_\_\_\_\_

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

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

**EXHIBIT 1: MEMORANDUM OF OPENING DATE**

On or about \_\_\_\_\_, 20\_\_, **El Pollo Loco, Inc.**, a Delaware corporation (“**Franchisor**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”), entered into an El Pollo Loco® Franchise Agreement (the “**Franchise Agreement**”) for an “**El Pollo Loco**” Restaurant Unit No. \_\_\_\_\_ located at \_\_\_\_\_ (the “**Location**”).

The parties hereby agree that the Opening Date of the Restaurant at the Location was \_\_\_\_\_, 20\_\_.

The term of the Franchise Agreement shall expire on \_\_\_\_\_, 20\_\_, unless sooner terminated as provided in the Franchise Agreement.

This Memorandum of Opening Date may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Memorandum of Opening Date transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Opening Date to be executed as of the date(s) below.

FRANCHISOR:  
**EL POLLO LOCO, INC.**, a Delaware Corporation  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:  
\_\_\_\_\_,  
a \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT 2: PERSONAL GUARANTEE OF EL POLLO LOCO® FRANCHISE AGREEMENT

As of \_\_\_\_\_, the undersigned hereby unconditionally guarantees, absolutely and irrevocably the performance and payment by Franchisee (as defined below) of, and expressly agrees to adopt and be individually bound by as if the undersigned were a party to each and all of the terms, covenants and conditions of that certain El Pollo Loco® Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) between **El Pollo Loco, Inc.**, a Delaware corporation (“**Franchisor**”) whose address is 3535 Harbor Blvd, Suite 100, Costa Mesa, CA 92626 and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”) whose address is \_\_\_\_\_. The undersigned further agrees as follows:

1. This guarantee will continue unchanged by any bankruptcy, reorganization or insolvency of Franchisee or by any disaffirmance or abandonment by a trustee of Franchisee.
2. This covenant and agreement on the part of the undersigned shall continue in favor of Franchisor notwithstanding any extension, modification or alteration of the Agreement entered into by and between the parties thereto, or their successors or assigns, and no extension, modification, alteration or assignment of the Agreement shall in any manner release or discharge the undersigned and the undersigned does hereby consent thereto.
3. The liability of the undersigned under this guarantee shall be primary and in any right of action which shall accrue to Franchisor under the Agreement, Franchisor may, at its option, proceed against the undersigned without having commenced any action or having obtained any judgment against Franchisee.
4. The undersigned shall pay Franchisor’s reasonable attorneys’ fees (both internal and external) and all costs and other expenses (both internal and external) incurred in any collection or attempted collection or in any negotiations relative to the obligations hereby guaranteed or enforcing this guarantee against the undersigned, individually and jointly from commencing and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements), only if final judgment is entered in favor of Franchisor.
5. The undersigned hereby waives notice of any demand by Franchisor as well as any notice of default in the payment of any and all amounts contained or reserved in the Agreement.
6. All sums due under this guarantee shall bear interest from the date due until the date paid at the maximum contract rate permitted by law. The obligations under this guarantee include, without limitation, payment when due of any and all sums due under the Agreement and all damages to which Franchisor is or may be entitled whether under applicable law, indemnification payments and payment of any and all legal fees, courts costs and litigation expenses incurred by Franchisor in endeavoring to collect or enforce

any of the foregoing against Franchisee, the undersigned, or in connection with any property securing any or all of the foregoing or this guarantee.

7. The undersigned agrees that one or more successive or concurrent actions may be brought on this guarantee, in the same action in which Franchisee may be sued or in separate actions, as often as deemed advisable by Franchisor. The obligations under this guarantee are joint and several, and independent of the obligations of Franchisee.

8. No election in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Franchisor's right to proceed in any other form of action or proceeding or against any other party. The failure of Franchisor to enforce any of the provisions of this guarantee at any time or for a period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce the same. All remedies under this guarantee shall be cumulative and shall be in addition to all rights, powers and remedies given to Franchisor by law or under any other instrument or agreement.

9. All rights, benefits and privileges under this guarantee shall inure to the benefit of and be enforceable by Franchisor and its successors and assigns and shall be binding upon the undersigned and the undersigned's heirs, representatives, successors and assigns. Neither the death of the undersigned nor notice thereof to Franchisor shall terminate this guarantee as to the undersigned's estate, and, notwithstanding the death of the undersigned or notice thereof to Franchisor, this guarantee shall continue in full force and effect. The provisions of this guarantee may not be waived or amended except in writing executed by the undersigned and a duly authorized representative of Franchisor.

10. The undersigned represents and warrants that (i) it is in the undersigned's direct interest to assist Franchisee in procuring the Agreement, because Franchisee has a direct or indirect corporate or business relationship with the undersigned, (ii) this guarantee has been duly and validly authorized executed and delivered and constitutes the binding obligation of the undersigned, enforceable in accordance with its terms, and (iii) the execution and delivery of this guarantee does not violate (with or without the giving of notice, the passage of time, or both) any order, judgment, decree, instrument or agreement to which the undersigned is a party or by which it or its assets are affected or bound.

11. If any provision of this guarantee or the application thereof to any party or circumstance is held invalid, void, inoperative, or unenforceable, the remainder of this guarantee and the application of such provision to other parties or circumstances shall not be affected thereby, the provisions of this guarantee being severable in any such instance. This guarantee is the entire and only agreement between the undersigned and Franchisor respecting the guarantee of the Agreement, and all representations, warranties, agreements, or undertakings heretofore or contemporaneously made, which are not set forth in this guarantee, are superseded.

12. All notices given under this guarantee shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. The address for either party shall be the address listed on the above in the first paragraph of this guarantee. Either party may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein.

13. This guarantee is governed by and construed according to the laws of the State of California applicable to contracts made and to be performed in such state. In order to induce Franchisor to accept this guarantee, and as a material part of the consideration therefore, the undersigned (i) agrees that all actions or proceedings relating directly or indirectly to this guarantee shall, at the option of the Franchisor, be litigated in courts located within the State of California, and (ii) consents to the jurisdiction of any such court and consents to the service of process in any such action or proceeding by personal delivery or any other method permitted by law.

14. The undersigned waives and relinquishes any rights it may have under California Civil Code 2845, 2849 and 2850 or otherwise to require Franchisor to (a) proceed against Franchisee or any other guarantor, pledgor or person liable under the Agreement; (b) proceed against or exhaust any security for the Franchisee or this guarantee; or (c) pursue any other remedy in Franchisor's power whatsoever. In other words, Franchisor may proceed against the undersigned for the obligations guaranteed without first taking any action against Franchisee or any other guarantor, pledgor or person liable under the Agreement and without proceeding against any security. The undersigned shall not have, and hereby waives (a) any right of subrogation, contribution, indemnity and any similar right that the undersigned may otherwise have, (b) any right to any remedy which Franchisor now has or may hereafter have against Franchisee, and (c) any benefit of any security now or hereafter held by Franchisor. The undersigned waives (a) all presentments, demands for performance, notices of non-performance, protests, notices of protests and notices of dishonor; (b) all other notices and demands to which the undersigned might be entitled, including without limitation notice of all the following: the acceptance hereof; any adverse change in Franchisee's financial position; any other fact which might increase the undersigned's risk; any default, partial payment or non-payment under the Franchisee and any changes, modifications, or extensions thereof; and any revocation, modification or release of any guarantee of any or all of the Agreement by any person (including without limitation any other person signing this guarantee); (c) any defense arising by reason of any failure of Franchisor to obtain, perfect, maintain or keep in force any security interest in any property of Franchisee or any other person; (d) any defense based upon or arising out of any bankruptcy, insolvency, reorganization,

arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against Franchisee or any other guarantor or any person liable under the Agreement.

15. Without limiting the generality of the foregoing or any other provision of this guarantee, the undersigned expressly waives any and all benefits which might otherwise be available to it under California Civil Code 2839 (which provides that a surety is exonerated by the performance or the offer of performance of the principal obligation), 2899 (which provides for the order of resort to different funds held by the creditor) and 3433 (which provides for the right of a creditor to require that another creditor entitled to resort to several sources of payments first resort to sources not available to the first creditor). The undersigned waives the rights and benefits under California Civil Code 2819 and agrees that by doing so its liability shall continue even if Franchisor alters any obligations under the Agreement in any respect or Franchisor’s rights or remedies against Franchisee are in any way impaired or suspended without the undersigned’s consent. Franchisor may without notice assign this guarantee in whole or in part.

16. This guarantee of the Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this guarantee of the Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign or equivalent), shall be considered an original for all purposes hereunder.

The use of the singular herein shall include the plural. The obligations of two or more parties shall be joint and several. The terms and provisions of this guarantee of the Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties herein named.

**IN WITNESS WHEREOF**, the undersigned executed this this Personal Guarantee of the El Pollo Loco® Franchise Agreement on the date(s) set forth below.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 3: INVESTOR COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION**

**Statement of Ownership of Franchisee:**

Name of Principal/Investor	Percentage of Ownership Interest

In conjunction with your investment in \_\_\_\_\_ a \_\_\_\_\_ ("**Franchisee**") you ("**Investor**" or "**You**"), acknowledge and agree as follows:

- 1) Franchisee owns and operates, or is developing, pursuant to an El Pollo Loco® Franchise Agreement dated \_\_\_\_\_ ("**Franchise Agreement**") with El Pollo Loco, Inc. ("**EPL**"), which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Franchise Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement.
- 2) You own or intend to own a certain percentage of legal or beneficial ownership interest in Franchisee (as described above) and acknowledge and agree that your execution of this Agreement is a condition to such ownership interest and that you have received good and valuable consideration for executing this Agreement. EPL may enforce this Agreement directly against you and your Owners (as defined below).
- 3) If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you ("**Owners**") must also execute this Agreement.
- 4) You and your Owners, if any, may gain access to parts of EPL's Confidential Information as a result of investing in Franchisee. The Confidential Information is proprietary and includes EPL's trade secrets. You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in franchise and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or your Owners cease to have an interest in franchisee, you and our Owners, if any, must deliver to EPL any such Confidential Information in your or their possession.
- 5) During the term of the Franchise Agreement and during such time as you and your Owners, if any, have any legal or beneficial ownership interest in Franchisee, you and your Owners, if any, agree that you and they will not, without EPL's consent (which consent may be withheld as EPL's sole and absolute right) directly or indirectly (such as

through an affiliate or through your or their Immediate Families) own any legal or beneficial interest in, or render services or give advice in connection with: (a) any Competitive Business located anywhere, or (b) any entity located anywhere that grants franchises or licenses interest to others to operate any Competitive Business.

6) For a period of 2 years, starting on the earlier to occur of the date you or your Owners cease to have any legal or beneficial ownership interest in Franchisee and the effective date of termination or expiration of the Franchise Agreement, neither you nor any of your Owners directly or indirectly (such as through an affiliate or through your or their Immediate Families) shall own a legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business operating at or within a radius of 5 miles of the Restaurant and/or any El Pollo Loco Restaurant then in operation or under construction; or (b) any entity that grants franchises or license other interest to others to operate any Competitive Business. If you or any of your Owners fail to or refuse to abide by any of the foregoing covenants and EPL obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of time ending 2 years after the date such person commences compliance with the order enforcing the covenant.

7) You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein, which restricts competitive activity, is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part of all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy. EPL may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of your Owners acknowledges that any violation of Section 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If EPL files a claim to enforce this Agreement and prevails in such proceeding, you agree to reimburse EPL for all its cost and expense, including reasonable attorneys' fees.

8) This Investor Covenants regarding Confidentiality and Non-Competition Agreement ("**Investor Agreement**") may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Investor Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the undersigned have executed and delivered these Investor Covenants regarding Confidentiality and Non-Competition Agreement on the date(s) set forth below.

**INVESTOR:**

If an Individual:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

If a corporation, partnership, limited liability company or other legal entity:

\_\_\_\_\_, a \_\_\_\_\_

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

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

**OWNERS:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

**EXHIBIT 4: AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (ACH)**

On \_\_\_\_\_, 20\_\_\_\_\_ and going forth, the undersigned depositor (“**Depositor**”) hereby authorizes El Pollo Loco, Inc. (“**El Pollo Loco**”) to initiate debit entries and/or credit correction entries to the Depositor’s checking and/or savings account(s) indicated attached as Exhibit A and the depository (“**Depository**”) to debit such account pursuant to El Pollo Loco’s instructions (“**Authorization**”).

This authority is to remain in full force and effect until Depository has received joint written notification from El Pollo Loco and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide El Pollo Loco and Depositor with 30 days’ prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

This Authorization may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Authorization transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

Depositor: \_\_\_\_\_

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

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

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

**EXHIBIT A to  
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (ACH)**

**(to be completed by Depositor)**

Depository:
Branch:
Street Address, City, State, Zip Code:
Bank Transit/ABA Number:
Account Number:

**ATTACH VOID CHECK**

## EXHIBIT 5: ADVERTISING ASSOCIATION DOCUMENTS

### ADVERTISING ASSOCIATION MEMBERSHIP AGREEMENT

THE [NAME OF AREA] EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION

#### MEMBERSHIP AGREEMENT

THIS [NAME OF AREA] EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION MEMBERSHIP AGREEMENT is effective as of \_\_\_\_\_, 20\_\_\_\_, by and between the [NAME OF AREA] EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION, INC. a \_\_\_\_\_ Nonprofit Corporation [the “**Association**”] and \_\_\_\_\_, a \_\_\_\_\_ (the “**Member**”).

#### **BACKGROUND INFORMATION:**

EL POLLO LOCO, INC. (the “**Franchisor**”) owns, operates and franchises quick service restaurants which specialize in the sale of retail marinated \_\_\_\_\_ grilled chicken and Mexican food items related to the El Pollo Loco® concept (“**Restaurants**”). The Member owns and operates one or more Restaurants within the \_\_\_\_\_ [described geographic area] \_\_\_\_\_ (the “**Association Area**”). The Association was organized by the Franchisor and its franchisees that own Restaurants in the Association Area in order to pool advertising funds.

#### **OPERATIVE TERMS:**

1. **Bylaws**. The Association has adopted Bylaws and may amend, modify or replace them from time to time in accordance with its governing documents, subject to the written consent of the Franchisor (the “**Bylaws**”). Unless the context requires otherwise, terms used in this Agreement will have the meanings as defined in the Bylaws.

2. **Membership**. By signing this Agreement:

(a) The Member agrees to become a member of the Association and agrees to be bound by and adhere to the Bylaws, and to observe any administrative rules, regulations and policy statements adopted by the Association in accordance with the Bylaws; and

(b) The Association accepts and enrolls the Member as a member in good standing with full rights and Benefits of membership.

3. **Scope**. This Agreement is applicable to all of the Member’s Restaurants located in the Association Area, whether currently existing, or opened or acquired after

the signing of this Agreement.

4. **Contributions.**

(a) **Obligation to Pay:** The Member agrees to make such contributions to the Association, and at such time and in such manner, as are determined by the Association from time to time in accordance with the Bylaws. Contributions are non-refundable.

(b) **Reports:** Each contribution must be accompanied by a report containing such information as the Association may determine from time to time, showing the amount of the contribution the Member is required to pay with respect to the Member's Restaurants located in the Association Area. The Member authorizes and instructs the Franchisor to furnish to the Association, on request, copies of the Member's reports and records in Franchisor's possession for the purpose of verifying contributions due. The Association may review reports and other information available to the Franchisor to verify that the proper amount of contributions have been made by the Member.

(c) **Collection by Franchisor:** The Member acknowledges and agrees that the Association may authorize Franchisor to receive and collect contributions and related reports on behalf of the Association. In such case, the Member shall make contributions to Franchisor, and shall report to Franchisor, at such times and in such manner as Franchisor may determine to be appropriate from time to time.

5. **Benefits.** The Association agrees that it will operate on a not-for-profit basis in accordance with governing documents and that all contribution will be spent solely for the purposes permitted in its Articles of Incorporation and Bylaws.

6. **Effective Date and Term.** The Agreement becomes effective on the date signed by both Parties and will continue until the earlier of:

(a) The Association discontinues operations or is dissolved; or

(b) Until the Member no longer owns and operates a Restaurant located in the Association Area under a valid Franchise Agreement with Franchisor, or until the Member no longer owns or operates a Restaurant located in the Association Area, if the Member is the Franchisor or an affiliate of Franchisor.

In the event this Agreement terminates pursuant to Section 6(b), the Member's voting and other membership rights in the Association automatically terminate on the effective date of termination of the Franchise Agreement (or closure of the Restaurant, if the Franchisor or its affiliate is the Member), provided however, if the Member owes contributions at the time of such termination (or closure), then it will still be obligated and responsible for all contributions that accrued prior to the date of such termination (or closure).

7. **Franchise Transfers.** The parties recognize that the timing of payment of contributions may not always coincide with the consummation of the sale of a Restaurant.

Accordingly, the parties agree as follows:

(a) **Timing:** The Member will remain responsible to the Association for all contributions due through the date of the consummation of any sale of an El Pollo Loco® restaurant owned by the Member that is subject to this Agreement.

(b) **Credit Balances:** If the Member sells or closes an El Pollo Loco® restaurant subject to this Agreement at a time when the Member has a credit balance with the Association, the credit balance will not be refunded, but will be: (i) retained for the benefit of other members of the Association, if the transaction involves a closing of the Member's El Pollo Loco® restaurant or the termination or expiration of the Member's Franchise Agreement; or (ii) credited to the Restaurants of the purchaser that are subject to this Agreement, if a sale, transfer or assignment is involved; or (iii) credited to the Member's other Restaurants that are still subject to this Agreement.

8. **Delinquencies.** The Member agrees to abide by all rules and regulations regarding delinquent contributions, including the payment of interest and late payment fees, adopted by the Association from time to time. The Member acknowledges and agrees that delinquent contributions (a) constitute a breach of the Franchise Agreement; (b) may result in loss of voting rights and other privileges with the Association; and/or (c) may result in cancellation of membership with the Association.

9. **Entity Participation.** If the Member is a corporation, limited liability company, partnership or other business entity, the Member will duly authorize a person to represent its interests at Association meetings (the "**Representative**"). The Representative must be a: (i) shareholder, partner, member (in case of an LLC), director or officer of the Member; or (ii) the Member's Operating Partner, as defined in the Member's Franchise Agreement; or (iii) in the event the Member is Franchisor or one of its affiliates, an officer or other designated representative of the Franchisor or its affiliate. The Association shall be entitled to rely on any written authorization appointing the Representative that the Association in good faith believes to be valid unless and until the Association shall have received an authorization for a successor Representative's decisions, votes and consents to bind the Member at any such meeting without any further inquiry. The same person can be a Representative for more than 1 Member.

10. **Program Participation.** The Member will not be required, as a condition of membership in this Association or otherwise, to participate in any advertising or promotion that contains a specified retail price, or a minimum retail price, for any product or service furnished by Restaurant in the Association Area. However, the Member's obligation to pay contributions pursuant to this Agreement will not be affected in any way by the Member's decision not to participate.

#### 11. **Miscellaneous.**

(a) **Severability:** If any part of this Agreement is held invalid for any reason, the remainder of this Agreement will not be affected and will remain in full force and effect in

accordance with its terms.

(b) Costs of Collection: Member agrees to reimburse the Association (or, if applicable, Franchisor) for all costs and expenses, including attorneys' fees and expenses, incurred in connection with collecting delinquent contributions. Reimbursement is due within 30 days of written notice.

(c) Waivers: No waiver of any provision of this Agreement will be valid unless in writing and signed by the person signed by the person against whom it is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time or to insist on strict performance of any other provision of this Agreement.

(d) Liabilities and Beneficiaries: Neither party will be liable to any other person who is not Party to this not a Party to this not a party to this Agreement by virtue of their relationship to each other. No other person has any rights because of this Agreement, except for the parties. However, notwithstanding the foregoing, although the Franchisor may not be a party to this Agreement, and is not bound by it, Franchisor is a third-party intended beneficiary.

(e) Entire Agreement: This Agreement reflects the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, communications or understandings with respect to the matters provided for herein. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

          [NAME OF AREA]           EL POLLO LOCO® RESTAURANT

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

ADVERTISING ASSOCIATION, INC.  
*[Name of Member]*

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

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

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**BYLAWS OF \_\_\_\_\_ *[NAME OF AREA]* \_\_\_\_\_ EL POLLO LOCO® RESTAURANT  
ADVERTISING ASSOCIATION, INC.**

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Adopted as of \_\_\_\_\_, 20\_\_\_\_

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**BYLAWS OF \_\_\_\_\_ [NAME OF AREA] \_\_\_\_\_ EL POLLO LOCO® RESTAURANT  
ADVERTISING ASSOCIATION, INC.**

**ARTICLE 1 - Officers**

**Section 1.1 - Registered and Principal Office.** The initial registered office of the \_\_\_\_\_ [NAME OF AREA] El Pollo Loco® restaurant Advertising Association, Inc. (the “**Corporation**”) will be located at \_\_\_\_\_. The initial principal office of the Corporation will be located at \_\_\_\_\_.

**Section 1.2 - Other Offices.** The Corporation may have offices at such other place or places within or without the State of Delaware as the Board of Directors may from time to time establish.

**Section 1.3 - Registered Agent for Service of Process.** The Corporation’s Board of Directors will have the right to designate a registered agent for service of process, who may be an individual or a corporation. The registered agent so designated will serve until a successor is elected by the Board of Directors.

**ARTICLE 2 - Powers and Purposes**

**Section 2.1 - Powers.** The Corporation will have all of the powers accorded nonprofit corporations under the Missouri Nonprofit Corporation Act (the “**Act**”). The Corporation will utilize such powers to engage in any lawful activity which is consistent with its purposes as set forth in the Articles of Incorporation.

**Section 2.2 - Purposes.** The purposes for which the Corporation is formed are to establish, maintain, administer and operate a promotional and advertising fund (the “**Fund**”) for the benefit of the El Pollo Loco® restaurants (“**EPL’s**”) of its members located in \_\_\_\_\_ [describe geographic area] \_\_\_\_\_ (the “**Association Area**”) and to further any and all purposes consistent with the objectives of the Corporation.

**Section 2.3 - Use of Trademarks.** The Corporation recognizes that its activities will necessarily involve advertising and promotional programs that contain the intellectual property rights, including copyrights, trademarks, service marks, logos, and designs derived from El Pollo Loco, Inc. (the “**Franchisor**”). As such, the Corporation has entered into, or will enter into, the [NAME OF AREA] \_\_\_\_\_ El Pollo Loco® restaurant Advertising Association Authorization Agreement.

**ARTICLE 3 - Members**

**Section 3.1 - Members.** The members will consist of (a) owners of franchised Restaurants located in the Association Area operating under valid and effective Franchise Agreements with Franchisor; and (b) the Franchisor or any of its affiliates, to the extent that it or any of its affiliates owns or operates any Restaurants located within the Association Area.

Any Franchisee who ceases to be a party to any valid and effective Franchise Agreement with the Franchisor for a El Pollo Loco® restaurant located in the Association Area, whether due to transfer, expiration or termination, will automatically cease to be a member of the Corporation, but will continue to remain liable to the Corporation for past due unpaid contributions or other amounts payable to the Corporation at the time membership ceases. However, if a Franchisee operates under multiple Franchise Agreements and ceases to be bound by one or more Franchise Agreements, whether due to transfer, expiration or termination, but continues to be bound by other Franchise Agreements for Restaurants located in the Association Area, the Franchisee shall continue to be a member, but its voting rights shall be reduced to reflect the number of remaining Restaurants that the Franchisee owns in the Association Area. Likewise, to the extent the Franchisor or an affiliate of Franchisor owns or operates one or more Bakery Cafes in the Association Area and has been a member of the Corporation and ceases to own or operate any such Restaurants in the Association Area, then its membership with respect to such Restaurants will automatically terminate.

In accordance with the terms of the \_\_\_\_\_ [NAME OF AREA] \_\_\_\_\_ El Pollo Loco® restaurant Advertising Association Authorization Agreement, a representative of Franchisor shall be entitled to notice of all regular and special meetings of the Members of the corporation and shall have the right to attend all meetings, either in person or in any other manner of attendance authorized in these Bylaws. However, unless the Franchisor is a Member of the Corporation by virtue to vote at a meeting of the Members in accordance with Section 3.12 of these Bylaws.

**Section 3.2 – Enrollment.** Notwithstanding any of the foregoing, no person will be enrolled as a Member of the Corporation nor will it have any rights as a Member unless and until it has signed a Membership Agreement with the Corporation. Notwithstanding the foregoing, Members shall be required to make contributions as required by their Franchise Agreements, regardless of whether they have signed Membership Agreements.

**Section 3.3 - Entity Membership.** For all membership purposes, any business entity (corporation, partnership, limited liability company, etc.), together with its owners, is deemed a single Member.

**Section 3.4 - Members in Good Standing.** A Member will be in good standing as long as: (a) the Member is not delinquent in the payment of any contribution or other monetary obligation to the Corporation; and (b) Member shall not have received a notice of default from Franchisor with respect to one or more Restaurants located in the Association Area which default remains uncured to the satisfaction of Franchisor. Loss of good standing will not relieve the Member of the obligation to make contributions, when due.

**Section 3.5 - Annual and Quarterly Meetings of the Members.** The annual meeting of the Members shall be held for the election of directors, consideration and approval of the succeeding year's advertising budget and the transaction of such other business as may properly come before the meeting. The annual meeting will be held at such time within

the first quarter of the Corporation's fiscal year as the Board of Directors may determine. Quarterly meetings of the Members shall be held for consideration and approval of advertising and promotional programs and the transaction of such other business as may properly come before the meeting. In addition, at the final quarterly meeting of the fiscal year, the Members shall consider and approve the level(s) of Member contributions for the succeeding fiscal year. Quarterly meetings will be held at times within the second, third and fourth quarters of the Corporation's fiscal year as the Board of Directors may determine.

The notice of annual or quarterly meetings of Members, except as otherwise required by law, need not state the matters to be considered at such meetings.

**Section 3.6 - Special Meetings.** Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by applicable law, may be called on the written request of (i) a majority of the Board of Directors, or (ii) Members constituting 25% of the voting rights of the Members in good standing, or (iii) Franchisor. Requests for a special meeting must state the purpose or purposes of the proposed meeting. The notice of any special meeting of the Members must state the purpose or purposes for which the meeting is called.

**Section 3.7 - Place of Meeting.** All meetings of the Members will be at such places as will be determined from time to time by the Board of Directors of the Corporation.

**Section 3.8 - Notice of Meetings.** Written notice of each meeting of the Members stating the Place, day and hour thereof, must be delivered to each Member of record entitled to vote at such meeting, personally or by telephone, telegram, cablegram, e-mail, first class mail, confirmed facsimile transmission or any other means of personal delivery providing evidence of actual delivery; and if mailed, the notice shall be deemed to be given when deposited in the United States mail addressed to the Members at the Members' addresses, as they appear in the records of the Corporation, with postage thereon prepaid. Notice must be given by or under the direction of the Secretary, or the officer or persons calling the meeting not more than 60 not less than 10 days before the date of the meeting; provided that oral notice to the Member may be given in lieu of written notice so long as the party giving the notice to the Member files with the Corporation a written statement of the date, time, place and manner of the oral notice. No notice need be given of the time and place of reconvening of any adjourned meeting, if the time and place to which the meeting is adjourned are announced at the adjourned meeting.

**Section 3.9 - Waiver of Notice.** A written waiver of notice signed by any Member, whether before or after any meeting, shall be equivalent to the giving of timely notice to said Member. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a Member attends a meeting for the express purpose, as stated at the beginning of the meeting, of objecting to the transaction of business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Member need be specified in any written waiver of notice.

**Section 3.10 - Closure of Books and Fixing of Record Date.** For the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members or any adjournment thereof, the Board of Directors may provide that the books will be closed for a period of not less than 3 and not more than 30 days immediately preceding such meeting. If the books are not closed and no record date is fixed by the Board of Directors, the date on which notice of the meeting is mailed will be the record date for the determination of Members entitled to notice and to vote.

**Section 3.11 – Quorum.** Except as otherwise required by the Act, the Articles of Incorporation or these Bylaws, the presence of Members holding a majority of the votes will constitute a quorum at all meetings of the Members. In case a quorum is not present at any meeting, a majority of the Members present will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place to which the meeting is adjourned, until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed; but only those Members entitled to vote at the meeting as originally noticed will be entitled to vote at any adjournment or adjournments thereof.

**Section 3.12 – Voting.** Each Member will be entitled at each Members' meeting and upon each matter presented at such meeting to one vote for each El Pollo Loco® restaurant located in the Association Area that the Member owns, or, in the case of Franchisor, owns or operates. Notwithstanding the fixing of the record date in Section 3.10, Members may only participate in and vote at meetings subject to being in good standing, in accordance with the Bylaws, both on the record date and at the time of the meeting. Furthermore, in the event that a meeting is postponed or continue, a Member must be in good standing at the time the meeting is reconvened in order to participate and vote at the meeting.

Any Member who is not in good standing pursuant to Section 3.4(a) hereof shall have all rights and privileges of membership (including the right to vote and participate as a Member, director or officer in any meeting) suspended. Any Member who is not in good standing pursuant to Section 3.4(b) hereof shall have its right to vote (but not its right to participate) suspended at any meeting of the members or the board of directors of the Corporation. Any dispute regarding the good standing of a Member and its right to vote at a membership meeting will be determined conclusively by the Chairman of the meeting, in conjunction with the representative of the Franchisor present at the meeting, which determination will be final and binding. Any such suspension shall continue until the Member is in good standing again.

The list of Members must be produced at any Member's meeting upon the request of any Member. Upon the demand of any Member, the note upon any question before the meeting must be by written ballot. Except as otherwise provided by these bylaws, by the Act, or by the Articles of Incorporation, all matters will be decided by a majority of the votes of Members present at the meeting. There is no cumulative voting for directors or on any other matter.

**Section 3.13 – Representatives.** If a Member is a corporation, limited liability company, partnership or other business entity, the Member will duly authorize a person to represent its interests at Association meetings (the “**Representative**”). The Representative must be a: (i) shareholder, partner, member (in case of an LLC), director or officer of the Member; or (ii) the Member’s Operating Partner, as defined in the Member’s Franchise Agreement; or (iii) in the event the Member is Franchisor or one of its affiliates, an officer or other designated representative of Franchisor or its affiliate. The Corporation shall be entitled to rely on any written authorization appointing the Representative that the Corporation in good faith believes to be valid unless and until the Corporation shall have received an authorization for a successor Representative that the Corporation in good faith believes to be valid. The Corporation shall be entitled to rely on the Representative’s decisions, votes and consents to bind the Member at any such meeting without any further inquiry. The same person can be a Representative for more than 1 Member.

**Section 3.14 - Action Without Meeting.** Any action of the Members of the Corporation may be taken without a meeting, without prior notice and without a vote, if one or more consents in writing, setting forth the action so taken, are signed by the Members having not less than two-thirds (2/3) of the votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Such consents must be delivered to the Corporation in the manner required by the Act. Neither the Articles of Incorporation nor these Bylaws will be construed, interpreted or deemed to have, in any way, limited or prevented the utilization of the ability to take written action in lieu of formal meetings as may be permitted by the Act.

**Section 3.15 – Organization.** Meeting of the Members must be presided over by the President, or if the President is not present, by the Vice President, if a Vice President has been elected, or if neither the President nor the Vice President is present, then by a chairman to be chosen by a majority of the Members entitled to vote who are present in person at the meeting. The Secretary of the Corporation, or in the Secretary’s absence, the Assistant Secretary, will act as secretary of every meeting, but if neither is present, the Members entitled to vote who are present in person may choose any person present to act as secretary of the meeting.

At all meetings of the Members the order of business will be as follows:

- (1) Calling meeting to order.
- (2) Proof of notice of meeting and determination of quorum.
- (3) Reading and disposing of minutes of previous meeting.
- (4) Announcement of purposes for the meeting.
- (5) Reports of officers.
- (6) Unfinished business.
- (7) New business, including election of directors if an annual meeting.
- (8) Adjournment.

**Section 3.16 - Member Meetings by Telephone.** Any Member may participate in a Members’ meeting or may conduct a Members’ meeting through the use of, any means

of communication enabling all persons participating in the meeting to hear each other at the same time during the meeting. Participating by such means will constitute presence in person at a meeting.

#### **ARTICLE 4 - Directors**

**Section 4.1 – Number.** There will be at least 3 directors on the Board. From time to time, the exact number of directors may be determined by vote of the Members at any time, but never less than 3 and never an amount less than as otherwise required by the Act.

**Section 4.2 – Vacancies.** Whenever a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors or the removal of 1 or more directors, it may be filled by the affirmative vote of a majority of the remaining directors even if the remaining directors constitute less than a quorum.

**Section 4.3 - Removal of Directors.** Any director may be removed with or without cause by vote of a majority of the Members at a membership meeting, or by written action in lieu of meeting signed by the Members having not less than two-thirds (2/3) of the votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted.

**Section 4.4 – Qualification.** Each director must be either a Member (if the Member is an individual) or the Member's Representative. If there are less than 3 Members at any time, then the franchisor, through Franchisor's representative designated as its "**Member's Representative**", shall have the right to designate 2 directors one of which shall be the Member's Representative and the other shall be an officer of Franchisor. However, any director serving on the Board of Directors will be automatically suspended at any time during which the director, or the business organization for which the director is the Representative, is not in good standing. In addition, directors will be automatically removed as directors if, at any time, the Member with which they are associated is expelled from membership or is no longer a franchise of the Franchisor either because the Franchise Agreement has expired, or it has been terminated or transferred.

**Section 4.5 – Terms.** Directors will hold office until their respective successors are duly elected and qualified or until there is a decrease in the number of directors.

**Section 4.6 – Resignation.** Any director may resign at any time. Such resignation will be made in writing and will take effect upon its delivery to the President or the Board of Directors or its Chairman.

**Section 4.7 – Powers.** Except for those rights reserved to the Members under these bylaws, the business of the Corporation will be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not prohibited by the Act, by the Articles of Incorporation or by these Bylaws. The Board of Directors will determine the compensation, if any, to be paid to each officer and director of the Corporation, including those officers who may also be directors.

**Section 4.8 – Meetings.** The Board of Directors of the Corporation may hold meetings,

whether annual or special, either within or without the State of Missouri, The annual meeting of the Board of Directors for the purpose of electing officers and transacting such other business as may be brought before the meeting will be held at such time and place as the Board of Directors may determine. The Board of Directors may by resolution provide for the time and place of other regular meetings, and no notice of such regular meetings need to be given.

All other meetings of the Board may be called on the written request of (i) any director or (ii) Members with 25% of the voting rights of Members in good standing, at such time and place as may be stated in such request.

In accordance with the terms of the \_\_\_[NAME OF AREA]\_ El Pollo Loco® restaurant Advertising Association Authorization Agreement, a representative of Franchisor shall be entitled to notice of all regular and special meetings of the Board of Directors of the Corporation and shall have the right to attend all meetings, either in person or in any other manner of attendance authorized in these Bylaws. However, unless the Franchisor is a Director of the Corporation, the Franchisor representative shall have no right to participate in any action of the Board of Directors in accordance with Sections 4.10 and 4.11 of these Bylaws.

**Section 4.9 - Notice of Special Meetings.** Written notice of the place, day and hour of any special meeting of the Board of Directors must be given by or under direction of the Secretary, to each director at least 2 days before the meeting; provided, however, that oral notice may be given to directors in lieu of written notice so long as the party giving the notice to the directors files with the Corporation a written statement of the date, time, place and manner of the oral notices. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors, need be stated in the notice or waiver of notice of such meeting.

**Section 4.10 - Action Without a Meeting.** Any action required to be taken, or which may be taken, at a meeting of the Board of Directors may be taken without a meeting, if a consent in writing, setting forth the action so to be taken, is signed by all of the directors entitled to vote. Such consent will have the same effect as a unanimous vote.

**Section 4.11 - Quorum and Voting.** At all meetings of the Board, a majority of the directors then in office will constitute a quorum for the transaction of business. The act of a majority of directors present at a meeting where a quorum is present will be the act of the Board of Directors, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting, without further notice, from time to time and place to place until a quorum will have been obtained.

**Section 4.12 – Organization.** The President of the Corporation will act as Chairman and the Secretary will act as Secretary at all meetings of the Board.

**Section 4.13 – Compensation.** Directors must not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board a fixed

fee and /or expenses of attendance may be allowed for attendance at each meeting.

**Section 4.14 - Attendance by Telephone.** Any member or members of the Board of Directors will be deemed present and voting at a meeting of the Board if said member or members participate in the meeting by means of a conference telephone or other communications equipment enabling all persons participating in the meeting to hear other at the same time. Participation by such means will constitute presence in person at a meeting.

## **ARTICLE 5 - Officers**

**Section 5.1 – Officers.** The officers of this Corporation will consist of a President, a Secretary and a Treasurer, and may consist of such other officers, including, but not limited to, 1 or more Vice Presidents, Assistant Secretaries and Assistant Treasurers with such titles, powers and duties as may be prescribed from time to time by the Board of Directors. They will be elected by the Board of Directors at its annual meeting.

**Section 5.2 - Term of Office; Vacancies.** Each officer shall hold office for a year and until such officer's successor is duly elected and qualified. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors.

**Section 5.3 - Removal of Officers.** Any officer may be removed at any time with or without cause by action of the Board of Directors by the affirmative vote of a majority of the directors then in office. Election or appointment of an officer will not of itself create contract rights.

**Section 5.4 – Resignations.** An officer may resign at any time by delivering notice to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date of the pending vacancy.

**Section 5.5 – Compensation.** No compensation will be paid to any officer of the Corporation, except the Board of Directors may determine a fixed fee or other reimbursement for expenses.

**Section 5.6 - Refund of Payment.** In the event that the Internal Revenue Service disallows, in whole or in part, the deduction by the Corporation as an ordinary and necessary business expense of any payment made to an officer of the Corporation, whether as salary, commission, bonus or other form of compensation or as interest, rent or reimbursement of expenses incurred by such officer, such officer must reimburse the Corporation to the full extent of such disallowance. The Board of Directors of the Corporation will have the duty to require each such officer to make such reimbursement, and it will be the legal duty of each such officer thus to reimburse the Corporation.

**Section 5.7 - Powers and Duties.**

A. In General. The officers of the Corporation will have such powers and duties as generally pertain to their respective offices, including the powers and duties provided by these Bylaws, as well as such powers and duties as from time to time may be conferred by the Board of Directors.

B. President. The President will:

- (1) preside at all meetings of the Board of Directors in the absence of the Chairman of the Board, if any;
- (2) present at each annual meeting of the directors a report of the condition of the business of the Corporation;
- (3) cause to be called regular and special meetings of the directors in accordance with these Bylaws;
- (4) jointly with the Treasurer, sign and make contracts and agreements in the name of the Corporation;
- (5) see that the books, reports, statements and certificates required by statute are properly kept and filed according to law;
- (6) jointly with the Treasurer, sign notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn on behalf of the Corporation;
- (7) supervise all employees of the Corporation including the hiring and firing of such employees as the President deems advisable;
- (8) jointly with the Treasurer, purchase on behalf of the Corporation, tangible or intangible assets; and
- (9) have general charge of and control over the affairs of the Corporation and perform the entire duties incident to such position and office, the enforcement of these Bylaws and all other things which the President is required to do by law.

C. Vice President. The Vice President, if any will;

- (1) in the absence or disability of the President, perform the duties and exercise the powers of the President;
- (2) perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

D. Secretary. The Secretary will:

- (1) prepare the minutes of the meetings of the Board of Directors and keep the minutes in appropriate permanent books of record;
- (2) give and serve all notices of the Corporation;
- (3) be the custodian of the records and of the seal, and affix the latter when required, and authenticate records of the Corporation when required; and
- (4) attend to all correspondence and perform all the duties incident to the office of the Secretary.

E. Treasurer. The Treasurer will:

- (1) keep accounts of and have the care and custody of and responsible for all the funds and securities of the Corporation;
- (2) deposit all such funds in the name of the Corporation in such bank or banks, trust company or trust companies, or safe deposit vaults as the Board of Directors may designate;
- (3) exhibit, at times required by law or these Bylaws, the corporate financial books and accounts to any director upon application at the office of the Corporation during business hours;
- (4) render a statement of the condition of the finances of the Corporation (at each regular meeting of the Board of Directors, and at such other times as it will be required of the Treasurer) and a full financial report at the annual meeting of the directors;
- (5) keep at the office of the Corporation current books of account of all its business transactions and such other books of account that the Board of Directors may require;
- (6) jointly with the President, sign and make contracts and agreements in the name of the Corporation;
- (7) jointly with the President, sign notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn on behalf of the Corporation;
- (8) jointly with the President, purchase on behalf of the corporation, tangible or intangible assets, and
- (9) do and perform all other duties pertaining to the office of the Treasurer.

F. Assistant Secretary and Assistant Treasurer. The Assistant Secretary or Assistant Secretaries and the Assistant Treasurer will, in the absence or disability of the Secretary, or Treasurer, respectively, perform the duties of such officer and generally assist, in the case of an Assistant Secretary, the Secretary, or an Assistant Treasurer, the Treasurer.

**Section 5.8 - Delegation of Duties.** In the case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board, the Board of Directors may delegate such officer's respective powers or duties to any other officer or to any director or agent of the Corporation for a specified period or until said delegation is revoked by the Board of Directors, provided that such delegation is otherwise permitted by law and by the Articles of Incorporation and these Bylaws.

## **ARTICLE 6 - Contributions**

**Section 6.1 – Contributions.** The Members will determine at the final quarterly Member meeting of the fiscal year the amount of contributions to be paid to the Corporation by its Members during the succeeding fiscal year. The amount of the contributions will generally be a percentage of Net Sales, as defined in the most recent Disclosure Document issued by the Franchisors, uniform among Members on a per El Pollo Loco® restaurant basis. The Members may, subject to Franchisor's approval, vary the level of benefits and/or contributions for any El Pollo Loco® restaurant that is located in a geographical area in which broadcast coverage is less than 85%, according to the most recent A.C. Nielsen or

Arbitron coverage study, in order to achieve approximate equivalence in contributions and benefits of Members. If any Restaurants of a Member are located in geographical areas covered, according to the most recent A.C. Nielsen or Arbitron coverage study, by more than one regional advertising association, the variation in benefits and/or contribution may be coordinated with such other regional advertising association.

**Section 6.2 Payment of Contributions.** Subject to the terms of the \_\_\_\_\_ [NAME OF AREA]\_\_ El Pollo Loco® restaurant Advertising Association Authorization Agreement, the Board of Directors will set the dates and method of payment for contributions. However, Members will not have to pay their contributions for new Restaurants until after their El Pollo Loco® restaurant have opened for business.

**Section 6.3 - Default in Payments.** The Board of Directors will establish policies and procedures for dealing with situations in which Members have not timely paid contributions. The Board of Directors may set interest rates and fees to offset administrative expenses, collection costs, etc. for delinquent payments.

## **ARTICLE 7- Notices**

**Section 7.1 – Recording.** Whenever these Bylaws require notice to be given to Members, directors, or committee members, proof of such notice whether given by mail, e-mail, telecopy, telephone, telegraph, cablegram or by personal contact will be recorded and filed by the Secretary in the minute book and incorporated into the minutes for the meeting to which such notice pertains.

**Section 7.2 – Waiver.** Whenever any notice of a meeting is required to be given under the provisions of the Act, of the Articles of Incorporation, or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice either before, at, or after the meeting, will be deemed equivalent to such required notice. Attendance of a person entitled to notice at a meeting will also constitute a waiver of notice of such meeting; provided, however, that such attendance will not constitute such a waiver if said person attends said meeting solely for the purpose of, and limits that person's participation at the meeting to, objecting to the transaction of any business because the meeting is not lawfully called or convened and states such objection at the beginning of the meeting.

## **ARTICLE 8 - Designated Financial Agents, Signatures and Seal**

**Section 8.1 - Designated Financial Agents.** All funds of the Corporation will be deposited in the name of the Corporation in such bank or other financial institutions as the Board of Directors may from time to time designate and will be drawn out on checks, drafts or other order signed on behalf of the Corporation by such person or persons as the Board of Directors may from time to time designate.

**Section 8.2 - Other Agreements.** Except as otherwise specifically provided by these Bylaws, all contracts, agreements, deeds, bonds, mortgages and other obligations and instruments must be signed on behalf of the Corporation by the President and Treasurer or by such other officers or agents as the Board of Directors may from time to time by

resolution provide.

## **ARTICLE 9 - Amendments of Bylaws**

The Bylaws may be altered, amended or repealed only by the Members at a meeting of Members, provided that the notice of the meeting contains a written proposal to amend these Bylaws along with the text of the amendments, and subject to the prior written approval of Franchisor in accordance with the \_\_\_\_\_[NAME OF AREA]\_\_\_\_\_ El Pollo Loco® restaurant Advertising Association Authorization Agreement. Nevertheless, the amendment of any Bylaw or replacement of these Bylaws will not be effective unless it has been approved by a voting requirement that is in excess of the voting requirement that it is replacing. In other words, voting requirement specifying approval by two-thirds (2/3) can only be changed by a vote of at least that number.

## **ARTICLE 10 - Indemnification**

**Section 10.1 - Indemnification in Proceedings Other Than Actions by, or in the Right of, the Corporation.** The Corporation will indemnify any person who was or is a party to any proceedings (other than an action by, or in the right of, the Corporation), by reason of the fact that that person is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, committee member, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against liability incurred in connection with such proceeding, including any appeal thereof, if the indemnitee acted in good faith and in a manner the indemnitee 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 the indemnitee's conduct was unlawful.

**Section 10.2 - Indemnification of Persons Parties to a Proceeding by or in the Right of the Corporation.** The Corporation will indemnify any person who was or is a party to any proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that person is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as the director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses and amounts paid in settlement not exceeding, in the judgment of the Board of Directors, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof. Such indemnification may be authorized if such person acted in good faith and in a manner that person reasonably believed to be in, or not opposed to, the best interests of the Corporation. Provided, however, that no indemnification may be made hereunder in respect of any claim, issue, or matter as to which such person has been adjudged to be liable, unless, and only to the extent that, the court in which such proceeding was brought, or any other court of competent jurisdiction, determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court deems proper.

**Section 10.3 - Mandatory Indemnification.** To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any proceeding referred to in Sections 10.0 and 10.2 above, or in defense of any claim, issue or matter therein, such director, officer, employee or agent must be indemnified against expenses actually and reasonably incurred by such director, officer, employee or agent in connection therewith.

**Section 10.4 - Authorized of Indemnification is Required.** Any indemnification under Sections 10.1 and 10.2, unless pursuant to a determination by a court, may be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because the director, officer, employee, or agent has met the applicable standard of conduct set forth in Section 10.1 or 10.2. Such determination must be made pursuant to any procedures outlined by the Act, if any.

**Section 10.5 - Additional Conditions to Indemnification.** The Board, by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding to which the indemnification relates, may impose such additional conditions upon any form of indemnification as the Board may deem appropriate, including, but not limited to, the right to assume the defense in appropriate circumstances, the right to select the attorney representing the indemnified person and the right to settle.

**Section 10.6 - Prepayment of Expenses.** Expenses (including attorneys' fees and expenses) incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon a preliminary determination following the procedures set forth in Section 10.04 that such indemnified person meets the applicable standard of conduct referred to therein and subject to any conditions imposed by the Board pursuant to this Article and the prior receipt by the Corporation of an undertaking satisfactory in form and substance to the Corporation that such person will promptly repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the Corporation as authorized in this Article 10.

**Section 10.7 - Indemnification Disallowed in Certain Circumstances.** The indemnification provided pursuant to this Article may not be made to or on behalf of any director, officer, employee, or agent if a judgment or other final adjudication establishes that such director's, officer's, employee's, or agent's actions, or omissions to act, were material to the cause of action so adjudicated and constitute:

A. a violation of the criminal law, unless the director, officer, employee or agent had reasonable cause to believe that such conduct was lawful or had no reasonable cause to believe such conduct was unlawful;

B. a transaction from which the director, officer, employee or agent directly or indirectly derived an improper personal benefit;

C. in the case of a director, a circumstance under which the director would be liable to the Corporation under the Act; or

D. willful misconduct or a conscious disregard for the best interests of the Corporation in a proceeding by or in the right of the Corporation to procure a judgment in its favor.

**Section 10.8 – Nonexclusively.** The Corporation has the power to make any other or further indemnification of any of its directors, officers, members of any committee, or any other person that the Corporation has the power by law to indemnify, including without limitation, employees or agents of the Corporation, under any bylaw, agreement, vote of disinterested directors, or otherwise, both as to action in any official capacity and as to action in another capacity while holding such office, except an indemnification against gross negligence or willful misconduct. The indemnification as provided in this Article will continue as to any person who has ceased to be a director, officer, or agent and will insure to the benefit of such person's heirs and personal representatives.

## **ARTICLE 11 - General Provisions**

**Section 11.1 - Fiscal Year.** The fiscal year of the Corporation shall be either 52 or 53 weeks and end on the last Saturday in December of each year.

**Section 11.2 - Gender and Number.** Whenever the context requires, the gender of all words used herein includes the masculine, feminine and neuter, and the number of all words includes the singular and plural thereof.

**Section 11.3 - Articles and Other Headings.** The Articles and other headings contained in these Bylaws are for reference purposes only and will not affect the meaning or interpretation of these Bylaws.

**Section 11.4 - Minutes, Books and Records of Account.** The Corporation will keep correct and complete books and records of account and will keep minutes of the proceedings of its Board of Directors and other records as required by the Act.

**Section 11.5 - Statutory Cites.** Any reference in these Bylaws to the Act will include all revisions and amendments to the Act.

**EXHIBIT 6: EL POLLO LOCO® FINANCIAL REPORTING FORM**

You will be required to submit quarterly and year-end financial statements electronically in the following format. The financials should be comparative, showing the prior year amounts for the same periods. There should be columns for both the recently completed quarter and a Year-to-date column, if applicable. Do not include officer's salary, auto expenses, or any other above restaurant expenses should not be included.

	<u>Amount</u>	<u>%</u>
Gross Sales	\$ 0	
Net Sales	0	100.0%
Food Cost	0	0.0%
Paper Cost	0	0.0%
Total Food & Paper	0	0.0%
Gross Profit	0	0.0%
Hourly and Manager labor	0	0.0%
Fringe Benefits (a)	0	0.0%
Total Labor	0	0.0%
Utilities	0	0.0%
Repair and Maintenance	0	0.0%
Cash Over/Short	0	0.0%
Controllable Costs (b)	0	0.0%
Restaurant Controllable Profit	0	0.0%
Advertising	0	0.0%
Royalties	0	0.0%
Third-Party Delivery Fees	0	0.0%
Indirect Costs (c )	0	0.0%
Occupancy Costs (d)	0	0.0%
Restaurant Operating Profit	\$ _____	_____ %

- (a) To include payroll taxes, health benefits, vacation, and workers compensation expense
- (b) To include trash, store security, uniforms, laundry, cleaning/janitorial, operating supplies, music and plant service, landscape, and other misc. restaurant costs not captured elsewhere.
- (c) To include credit card fees, bank charges, licenses, permits, fees, and pre-opening costs
- (d) To include minimum and percentage rent, property taxes and insurance.

**EXHIBIT 7: IT SUPPORT SERVICES AGREEMENT**

<b>Customer:</b>	
<b>Franchise Restaurant Number(s) Covered:</b>	
<b>Restaurant(s):</b>	
<b>Date of Franchise Agreement(s):</b>	
<b>Effective Date:</b>	
<b>Customer's Authorized Representative(s)/Contacts:</b>	
<b>Invoices to Customer to be sent to:</b>	
<b>Notices, if to Customer, to be sent to:</b>	
<b>El Pollo Loco IT:</b>	
<b>Notices, if to El Pollo Loco IT, to be sent to:</b>	El Pollo Loco, Inc. 3535 Harbor Blvd., Suite 100 Costa Mesa, CA 92626
<b>Term Commencement Date:</b>	
<b>Term Expiration Date:</b>	Upon expiration of the Franchise Agreement(s), unless sooner terminated as provided by the Franchise Agreement(s)
<b>Service Level Description</b>	See Attached EPL IT Standard Platinum Service Description
<b>Annual Fees:</b>	See Attached Franchise Support Options
<b>Special Terms:</b>	See Website

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

**The authorized representatives of Customer and EPL IT, intending to be legally bound, agree to the terms and conditions of this IT Support Services Agreement (“Agreement”), including without limitation documents incorporated by reference, as of the Effective Date.**

**EPL IT:**  
El Pollo Loco, Inc., a Delaware corporation

**Customer:**  
\_\_\_\_\_, a \_\_\_\_\_

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

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

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## TERMS AND CONDITIONS

1. Performance. El Pollo Loco Informational Technology (“**EPL IT**”) shall make available to Customer certain operations support services for the Service Level designated on the first page of this Agreement (“**Services**”) based on EPL IT’s standard description of services for such Service Level in accordance with the terms and conditions of this Agreement. The Services are limited to the standard EPL franchise Restaurant configuration unless otherwise agreed upon in writing by EPL IT (“**Standard Restaurant Configuration**”). The Services are limited to those listed in the Services Descriptions in this Agreement and will be performed for the stated pricing. EPL IT shall perform additional services as detailed and mutually agreed to by the Parties upon additional payment by Customer, Services will be performed during EPL IT’s normal business hours as listed in the Services Descriptions. EPL IT reserves the right to restrict access to the Services during periods of routine back-up, maintenance, scheduled downtime and other activities outside such normal business hours. Information relevant to Services may be posted on the EPL internal Customer website (“**Website**”). Information on the Website or other EPL documents, may be changed or updated without notice. EPL may also make improvements and/or changes in the Services or pricing at any time without notice.

2. Customer Obligations. As a condition precedent to EPL IT performing its obligations hereunder, and in addition to Customer’s other obligations as set forth in EPL IT’s standard description of services for the applicable Service Level, Customer shall timely provide the following at no charge to EPL IT: (a) access to and use of reasonable working space, facilities and utilities, (b) any information, software, equipment, data and/or documentation (collectively, “**Data**”) that EPL IT reasonably requests from Customer that is necessary for EPL IT to properly perform its obligations hereunder; and (c) all components in the Standard Restaurant Configuration and all updates, enhancements, upgrades and replacements thereto recommended or otherwise identified in writing by EPL IT. Customer represents to EPL IT that it has the right to grant EPL IT access to such facilities and Data for the performance of the Services. Such Data shall be kept confidential by EPL IT in accordance with Section 4. In the event that there are any delays by Customer in the timely providing of facilities, access, Data, or the Standard Restaurant Configuration or there are errors or inaccuracies in the Data or the Standard Restaurant Configuration provided, and such delays, errors or inaccuracies require additions, corrections or modifications related to EPL IT’s performance hereunder, then any costs associated therewith shall be the responsibility of Customer, and EPL IT shall be entitled to appropriate adjustments. Customer shall designate two points of contact who shall be the only people to make inquiries to EPL IT under this Agreement, as set forth on the first page of this Agreement. Each Customer contact must possess, or at Customer’s expense acquire the necessary familiarity, expertise and training on the Standard Restaurant Configuration with direction by EPL IT. Prior to requesting support, Customer will comply with all published operating and troubleshooting procedures for the components of the Standard Restaurant Configuration and, if such efforts are unsuccessful in eliminating the malfunction, Customer shall promptly notify EPL IT of any problems discovered in the operation of the Standard Restaurant Configuration. Customer must identify the Franchise Restaurant Number when accessing the Services.

Customer must cooperate with EPL IT to maintain a site activity log. Customer will perform routine preventive maintenance and cleaning of the Standard Restaurant Configuration. Customer shall be solely responsible for the accuracy of all Data collected and submitted to third party suppliers for credit card processing. Customer shall comply with such reasonable policies, procedures and rules relating to the Services as EPL IT may from time to time publish on its Website or designate in writing to Customer. Customer shall educate and train their restaurant managers in how to run their point of sales. Customer will ensure that all third parties, including its employees or contractors, using the Services or any components of Customer's Standard Restaurant Configuration abide by Customer's obligations under this Agreement in their use thereof. Any act or omission of any third party related to Customer's obligations hereunder or the use of any Services, Reports or Standard Restaurant Configuration shall be deemed to be the act or omission of Customer for all purposes whether or not Customer had knowledge of or had authorized such act or omission.

3. Price and Payment Terms. In consideration for the Services performed pursuant to this Agreement, Customer shall pay EPL IT based upon the fees specified on the first page of this Agreement ("**Fees**") and any Other Fees as defined below. EPL IT reserves the right to increase the Fees at any time, which would take effect upon the first day of the following month by providing Customer with 30 days prior written notice setting forth the adjustment to the Fees. EPL IT shall automatically debit Fees from Customer's account via ACH funds transfer in accordance with the terms indicated on the first page of this Agreement. The first installment is due and payable on the first day of this Agreement. Subsequent payments or account ACH funds transfers will be made according to the schedule specified under the terms indicated on the first page of this Agreement. Customer shall reimburse EPL IT the following fees collectively defined as ("**Other Fees**") should they be incurred by Customer: (a) any reasonable and properly documented out-of-pocket travel and living expenses incurred by EPL IT personnel during their performance of the Services; (b) any reasonable and properly documented services and/or equipment, which EPL IT, or their designated representative, determines, as its sole and absolute right, to be outside the scope of the Services including, but is not limited to, (i) software license fees, (ii) software updates, (iii) hardware updates associated with software updates, (iv) onsite services, (v) consulting services, (vi) equipment and any associated shipping and handling charges incurred by EPL IT; and (c) the Professional service rates described under Complete I.T. Operations Support plus materials charges incurred in the performance of such services or if an outside designated representative is used, at the rate they charge plus materials charges incurred in the performance of such services. Invoices for Other Fees shall be submitted to Customer by EPL IT on a per incident basis. Customer may not withhold or set off any amounts due. EPL IT shall automatically direct debit Other Fees from Customer's account via ACH funds transfer upon advance written notice via electronic mail to Customer. All sums payable to EPL IT shall be made in United States dollars and due 10 days from the date of EPL IT's invoice should EPL IT be unable to direct debit Fees from Customer's account via ACH funds transfer. All amounts past due shall accrue interest from their due dates at the rate of one and 1.5% per month or the maximum percentage allowable by law (whichever is less). All amounts due (including the Fees) do not include any federal, state or local sales, use or

excise taxes or other charges assessed against or payable by EPL IT in connection with this Agreement, and Customer shall pay to EPL IT the amount of any such taxes that EPL IT may be required to pay on account of its performance under this Agreement except for any franchise tax or tax based upon EPL IT's net income or personal property. EPL IT reserves the right to cease performance and assert appropriate liens if all amounts are not paid in full when due.

4. Confidential & Proprietary Information. Each party shall maintain in strict confidence, and not disclose or distribute to any third person any Confidential Information of the other party for a period of 3 years from the date of disclosure (except with respect to trade secrets, which shall be kept confidential until no longer qualifying as a trade secret). "**Confidential Information**" shall mean the information disclosed by either party pursuant to this Agreement that is (a) stamped or otherwise marked as being confidential by the disclosing party, (b) if disclosed in oral form, identified as confidential at the time of oral disclosure and is summarized by the disclosing party in a written memorandum marked as confidential and delivered within 10 business days after such disclosure, or (c) of such a nature as to put a reasonable party on notice as to the confidentiality of the information disclosed. Confidential Information does not include any information that: (i) entered the public domain through no fault of the receiving party; (ii) is rightfully received by the receiving party from a third party without similar non-disclosure obligations; (iii) is already known to the receiving party prior to disclosure by the disclosing party; (iv) is independently developed by the receiving party without reference to the Confidential Information of the disclosing party, or (v) is required to be disclosed by law, provided that the party intending to make such required disclosure shall promptly notify the other party of such intended disclosure in order to allow such party to seek a protective order or other remedy. The obligations set forth above in this Section shall not affect EPL IT's ownership of Inventions (as defined in Section 5) and all intellectual property rights therein, or EPL IT's full exercise of those Inventions and intellectual property rights, so long as EPL IT does not disclose Customer's Confidential Information. All Inventions shall constitute EPL IT's Confidential Information.

5. Proprietary Rights. EPL IT or its subcontractors or suppliers, as applicable, retain sole ownership of all designs, engineering details, data, methodologies, ideas, concepts, discoveries, inventions, improvements, works of authorship, technology or information, and all enhancements, modifications and derivative works thereof (collectively, "**Inventions**"), and all intellectual property rights therein, used or created by EPL IT or such subcontractors in the performance of the Services, and shall have the exclusive right to determine how to protect the Inventions. Reports or other work product delivered by EPL IT to Customer under this Agreement are provided to Customer with Limited Rights. "**Reports**" means the written reports or work product specifically produced by EPL IT in performing the Services and specified to be an item delivered to Customer. "**Limited Rights**" means the right of Customer to use the Reports in operating Customer's Standard Restaurant Configuration for Customer's own internal business purposes only, but in no event the right to make copies, modifications, enhancements or derivative works thereof or resell, distribute, exploit or sublicense such Reports or any portion thereof. EPL IT retains for itself, its parent company, affiliates and subsidiaries, the right to retain and

make copies of the Reports and to make use of the contents thereof for its and their business use and, as to any portion of such contents that is not Customer's Confidential Information, to make use thereof for any purpose, whether internal or otherwise.

6. Limited Warranty. EPL IT warrants to Customer only that: (i) for a period of 30 days from the date of completion of its performance of a particular task under the Services, the particular task will be performed in a good and workmanlike manner consistent with standard industry practices employed by persons knowledgeable in the field of computers and within the limits of the technology embodied in the Standard Restaurant Configuration; and (ii) for a period of 30 days from the date of delivery of a particular Report, that Report will be free from material defects in workmanship and materials, and will conform in all material respects to the applicable descriptions or specifications provided by EPL IT to Customer. In the event of a breach by EPL IT of the foregoing warranty of which Customer notifies EPL IT in writing during the warranty period, EPL IT's sole obligation and Customer's exclusive remedy shall be for EPL IT to use commercially reasonable efforts to re-perform the task or to correct the portion of the Report that does not conform to such warranty. In the event EPL IT is unable to re-perform such task or to make such corrections, as applicable, the sole remedy of Customer and EPL IT's sole obligation shall be to recover the compensation actually paid to EPL IT for the Service or the Report giving rise to such warranty failure. This limited warranty with respect to any Services or Reports shall be voided in the event Customer: (i) makes additions to, alters, modifies, enhances, changes, repairs or disassembles or reverse engineers the Standard Restaurant Configuration, or fails to maintain the Standard Restaurant Configuration (or any component thereof or any equipment or facilities upon which such component depends) in good working order or the environmental conditions within the operating range specified by the manufacturer of the components in the Standard Software Configuration or EPL IT; (ii) uses the Standard Restaurant Configuration or any Report in a manner for which it was not designed, or in an incompatible operating environment; or (iii) mishandles, abuses, misuses or damages the Standard Restaurant Configuration. **THE LIMITED WARRANTY STATED IN THIS SECTION AND THE REMEDIES FOR A FAILURE OR BREACH OF SUCH LIMITED WARRANTY ARE EXCLUSIVE. THEY ARE GIVEN TO CUSTOMER IN LIEU OF ALL OTHER WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ACCURACY, QUIET ENJOYMENT, NON-INFRINGEMENT, OR COURSE OF PERFORMANCE OR DEALING, WHICH EPL IT SPECIFICALLY DISCLAIMS.**

7. Limitation of Damages. IN NO EVENT SHALL EPL IT (OR ITS SUPPLIERS) BE LIABLE TO CUSTOMER FOR LOST PROFITS, LOSS OR INTERRUPTION OF BUSINESS, LOSS OF DATA OR ANY SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, HOWEVER CAUSED, AND WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER THEORY OF LIABILITY. THE FOREGOING LIMITATION SHALL APPLY EVEN IF EPL IT (OR ITS SUPPLIERS) KNOW OR HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE AND NOTWITHSTANDING ANY FAILURE OR

ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED FOR HEREIN. EXCEPT IN RESPECT OF INJURY TO OR DEATH OF ANY PERSON RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF EPL IT, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS (FOR WHICH NO LIMIT APPLIES), IN NO EVENT WILL EPL IT'S ENTIRE LIABILITY UNDER THIS AGREEMENT EXCEED THE GREATER OF (A) THE FEES PAID TO EPL IT FOR THE AFFECTED SERVICE OR REPORT UNDER THIS AGREEMENT OR (B) \$5,000.00. IN NO EVENT SHALL EPL IT HAVE ANY LIABILITY FOR ANY COMPONENT OF THE STANDARD RESTAURANT CONFIGURATION (AS DESCRIBED IN THE EPL IT STANDARD SERVICES DESCRIPTION). IN ADDITION, EPL IT SHALL NOT BE LIABLE UNDER ANY CLAIM BROUGHT UNDER ANY THEORY OF LAW THAT AROSE MORE THAN 1 YEAR PRIOR TO THE INSTITUTION OF SUIT THEREON. EPL IT SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY DELAY IN FURNISHING ANY COMPONENT OF THE STANDARD NETWORK OPERATING ENVIRONMENT, ANY REPORTS, ANY SERVICES, OR ANY OTHER PERFORMANCE UNDER OR PURSUANT TO THIS AGREEMENT. EACH PARTY ACKNOWLEDGES AND AGREES THAT THE FOREGOING LIMITATIONS ON LIABILITY ARE ESSENTIAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES AND THAT IN THE ABSENCE OF SUCH LIMITATIONS, THE MATERIAL AND ECONOMIC TERMS OF THIS AGREEMENT WOULD BE SUBSTANTIALLY DIFFERENT.

8. Term & Termination. This Agreement shall commence on the term commencement date set forth above and continue in effect through the expiration of the Franchise Agreement(s) or the earlier termination of the Franchise Agreement(s) as listed above.

9. Default. If any material breach of this Agreement continues uncorrected for more than 30 days after written notice from the aggrieved party describing the breach, the aggrieved party shall be entitled to declare a default, suspend performance, terminate this Agreement, and pursue any and all other remedies available at law or equity, except as specifically limited elsewhere in this Agreement.

10. Notices. Notices, authorizations and other official communications under this Agreement shall be transmitted in writing by prepaid United States certified mail, return receipt requested, or overnight receipted courier, to EPL IT, at the address and attention of the person set forth on the first page of this Agreement for EPL IT and to Customer, to the billing address and attention of the person set forth on the first page of this Agreement for Customer. Any notice given pursuant to this Section shall be deemed to have been received, in the case of certified mail, on the date of receipt as evidenced by the U.S. Postal Service return receipt card, and, in the case of overnight courier, on the next business day after sending, unless documented otherwise by recipient. All notices must be in the English language.

11. Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party, in whole or in part, without the prior written consent of the other party, such consent not to be unreasonably withheld.

Notwithstanding the preceding sentence, either party may assign this Agreement to its parent company or another affiliated company without the consent of the other party but upon written notice to the other party; provided that the successor unconditionally agrees in writing to be bound by the terms and conditions of this Agreement.

12. Subcontracting. EPL IT reserves the right to subcontract such portions of the Services to subcontractors of EPL IT's choice as it deems appropriate, provided that no such subcontract shall relieve EPL IT of primary responsibility for performance of such Services.

13. Reserved Rights. EPL IT's service offerings are continually evolving. Accordingly, EPL IT reserves the right to make service substitutions and modifications and to modify or amend its standard description of services for each Service Level at any time by publication including posting on its Website or written notice to Customer. All Services will be delivered in English. EPL IT reserves the rights to charge Customer if dispatch is required, or if the restaurant support center receives excessive training calls as described under Franchise Support Options – Fee Schedule.

14. Indemnification. Each party shall indemnify, defend and hold harmless the other with respect to any third party claim alleging bodily injury, including death, or damage to tangible property, to the extent such injury or damage is caused by the gross negligence or willful misconduct of the indemnifying party. Customer shall indemnify, defend and hold harmless EPL IT, at Customer's expense, from and against any action brought against EPL IT by a third party, to the extent that such action is based on a claim relating to Customer's Standard Restaurant Configuration, Data or the performance of Services hereunder. A condition precedent to any obligation of a party to indemnify shall be for the other party to promptly advise in writing the indemnifying party of the claim and turn over its defense. The party being indemnified must cooperate in the defense or settlement of the claim, but the indemnifying party shall have sole control over the defense or settlement. If the defense is properly and timely tendered to the indemnifying party, then the indemnifying party must pay all litigation costs, reasonable attorneys fees, settlement payments agreed to by the indemnifying party and any damages finally awarded by a court; provided, however, that this shall not be construed to require the indemnifying party to reimburse attorneys fees or related costs that the indemnified party incurs either to fulfill its obligation to cooperate, or to monitor litigation being defended by the indemnifying party.

15. Independent Contractor. Nothing in this Agreement shall be interpreted or construed so as to create any relationship between the parties other than that of independent contracting entities. Neither party shall be authorized to obligate, bind or act in the name of the other party, except to the extent EPL IT is expressly authorized to do so in this Agreement.

16. Non-Solicitation. Customer shall not solicit or otherwise seek, directly or indirectly, to induce any of EPL IT's employees or contractors to work for Customer for a period of 1 year after the employee or contractor ceases to be employed or otherwise

utilized by EPL IT or 1 year after the termination of this Agreement, whichever is greater. Prohibited solicitation includes, but is not limited to, the direct solicitation of any individual or contracting with a third party to intentionally solicit an individual covered by this Section.

17. Similar Services. Customer acknowledges that EPL IT is free to offer services or work product similar to the Services or Reports to other EPL IT customers or third parties without restriction or royalty to Customer.

18. Applicable Law. The rights and obligations of the parties and all interpretations and performance of this Agreement shall be governed in all respects by the laws of the State of California except for its rules with respect to the conflict of laws.

19. Force Majeure. In no event shall either party have any liability for failure to comply with this Agreement if such failure results from the occurrence of any contingency beyond the reasonable control of the party and which delays, interrupts or prevents such party from performing its obligations under this Agreement, including, without limitation, strike or other labor disturbance or shortage, riot, theft, flood, lightning, storm, any act of God, power failure, war, delays or failure of third party equipment, software or service suppliers, national emergency, interference by any government or governmental agency, embargo or seizure. The party affected by a force majeure event shall give notice thereof to the other party within ten days following the occurrence thereof and shall apprise the other party of the probable extent to which the affected party will be unable to perform or will be delayed in performing its obligations hereunder. The affected party shall exercise due diligence to eliminate or remedy the force majeure cause and shall give the other party prompt notice when that has been accomplished. Except as provided herein, if performance of this Agreement by either party is delayed, interrupted or prevented by reason of any event of force majeure, both parties shall be excused from performing hereunder while and to the extent that the force majeure condition exists after which the parties' performance shall be resumed.

20. Waiver. Failure by either party to require performance by the other party or to claim a breach of any provision of this Agreement will not be construed as a waiver of any right accruing hereunder or of any subsequent breach and will not affect the effectiveness of this Agreement or any part hereof, or prejudice either party regarding any subsequent action.

21. Invalidity. If any provision of this Agreement is held invalid, the remaining provisions shall continue in full force and effect and the parties shall substitute for the invalid provision a valid provision which most closely approximates the economic effect and intent of the invalid provision.

22. Attorneys' Fees. In any dispute or litigation between the parties, the prevailing party shall be entitled to reasonable attorneys' fees and all costs of proceedings incurred in enforcing this Agreement.

23. Entire Agreement. This Agreement constitutes the entire agreement

El Pollo Loco # \_\_\_\_\_

Location: \_\_\_\_\_

between EPL IT and Customer with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications and understandings of any nature and in any manner whatsoever relating thereto but does not amend or supersede any Franchise Agreement between EPL and Customer. No agent, employee or representative of EPL IT has any authority to bind EPL IT to any affirmation, representation, or warranty concerning the Services and unless such affirmation, representation or warranty is specifically included within this Agreement, it shall not be enforceable by Customer or any assignee or sublicensee of Customer. Any terms and conditions on any Customer purchase order form or other document issued by Customer to implement this Agreement that are in addition to or in conflict with the terms and conditions of this Agreement shall be null and void, even if acknowledged in writing by EPL IT. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be treated as originals.

## **EPL IT STANDARD SERVICES DESCRIPTIONS (Date: March 27, 2024)**

**For a current/updated EPL IT Standard Services Descriptions, click on:**

[http://www.myepi.net/no\\_auth/FranchiseHelpdeskAgreement.jsp](http://www.myepi.net/no_auth/FranchiseHelpdeskAgreement.jsp)

### Platinum Service Descriptions

Unlimited number of calls per month per store

Standard Restaurant Configuration includes:

- Back of house system
- Two front counter POS terminals with receipt printers, order confirmation panel, QR scanners, and EMV payment devices
- Two drive thru POS terminals with receipt printer, QR scanners, and EMV payment devices
- Four KDS systems (four monitors and four controllers)
- BROADBAND Wide Area Network connection, router and firewall
- All local area network components including equipment rack, UPS, patch panel, patch cords, cabling infrastructure and data jacks
- Normal Business Hours are 8:00 A.M. to 5:00 P.M., Pacific Time Monday through Friday excluding EPL IT's normal published holidays and schedule downtimes for maintenance and support\*
- Backup internet
- WIFI (Consumer/Guest and Internal)
- Android Tablet (e.g., Samsung Galaxy Tab A)
- 4 digital menu boards, 4 panels, and 4 controllers

## **COMPLETE I.T. OPERATIONS SUPPORT**

### **Hardware Service and Support:**

Restaurant POS Equipment: Helpdesk will initiate advance depot repair and/or replacement for all POS hardware, including back of house server, KDS system, front of house terminals and cash drawers, receipt printers, network switch, UPS, (digital menu boards and controllers if requested by Customer) and line conditioners will be supported through an approved depot partner. Customer may enroll in the depot warranty program offered. Customer must notify EPL IT in writing at least 30 days prior to any changes in hardware support agreements Customer has established. Equipment replaced via our current approved depot partner "**Washburn**" is covered against breakage for 90 days after replacement depot processing. Customer is responsible for all costs associated with depot or any other hardware provider. All depot payments are processed directly to Customer accounts setup with the depot company directly. Customer may opt to maintain hardware support agreements with Micros or any other hardware provider at their own discretion. The EPL helpdesk will support full dispatch and implementation management of Customer that opt into the Washburn depot program. The EPL helpdesk will NOT support any hardware related issues for Customers that are not using an approved depot partner.

**Software Service and Support** includes:

- Micros Enterprise Management, currently version 5.7
- Patching of installed MyEpl.Net Web Based Portal
- Patching of critical security updates for installed operating system, currently version Windows 10 Professional
- Current updates on antivirus software
- Current updates on anti-malware software
- Endpoint DLP (data loss protection) which includes white listing
- Software disaster recovery tool
- Proactive monitoring via EPL Alerts program
- LMS (KIWI learning management solution)
- WIFI Cloud Management / Consumer WIFI
- Digital Menu Board management / price integration
- Kiosk Integration

**Credit Card Processing** includes:

- Acceptance of Visa, MasterCard, American Express and Discover
- Secure high speed credit card authorization as primary
- Secure low speed credit card authorization as backup
- NFC Payments (Apple Pay/Android Pay/Samsung Pay)
- Gift card Processing

**Payment Card Industry (“PCI”) Program** includes:

- Educating EPL Franchisees about cardholder data security, the Payment Card Industry (“PCI”) Data Security Standard (“DSS”) and PCI DSS compliance
- Providing Automated Quarterly Network Scanning of stores for potential security issues.
- Executing a compliance strategy that helps to:
  - Eliminate the storage of prohibited data
  - Protect stored data
  - Secure the merchant network environment via compliance with the PCI DSS
  - Identify the payment applications used and ensures merchants use or switch to Payment Application (“PA”) that comply with the PA-DSS
- Tracking and reporting on the program’s progress each month

**Firewall Service and Support** includes:

- Repair and/or replacement cost of firewall
- Software maintenance on firewall
- Remote monitoring of up/down state
- Latest security updates to prevent unauthorized intrusion attacks
- Quarterly PCI Scanning
- WIFI Firewall / SSID Configuration

**Broadband WAN Service and Support** includes:

- High speed access to all credit card processing
- High speed access to MyEpl.net Portal
- Does not include unrestricted Internet access
- 24x7 active monitoring and alerting

**Helpdesk** includes:

- 7:00 am to 12:00 am<sup>1</sup> Helpdesk via a toll free number 1-888-POLLO-IT
- Single point of contact for hardware and cabling dispatch
- Menu changes<sup>2</sup>
- Pricing adjustments<sup>1</sup>
- Full portal support
- WAN troubleshooting and support
- Support on all IT and POS issues

**MyEpl.Net Portal Service and Support** includes:

- Access to standard corporate reporting
  - Near real time sales performance data for all stores

**Professional Service** includes:

- Any service outside of the scope of this Agreement will be billing at the following rates:
  - Helpdesk rate \$60 per hour
  - Networking rate \$120 per hour
  - Development rate \$120 per hour

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<sup>1</sup> Business and Helpdesk hours are subject to change.

<sup>2</sup> Does not include Tax changes. Customer acknowledges and agrees that the data entered by EPL IT is on behalf of Customer. Customer acknowledges and agrees that it is their responsibility to verify the accuracy of the data inputted by EPL IT and also to maintain and update the data as needed. Any maintenance and/or updates Customer wishes EPL IT to perform must be communicated to EPL IT in writing in order for EPL IT to perform the maintenance and/or updates.

### Franchise Support Options – Fee Schedule<sup>1</sup>

Service Description	Annual Cost	Monthly Cost	Platinum Support Option	Payable to:
Oracle Micros Cloud	\$2,700	\$225	Yes	EPL
Complete Firewall Service and Support and Quarterly PCI Scanning <sup>2</sup>	\$300	\$25	Yes	EPL
Unlimited Number of Calls for Helpdesk Support including Credit Card Support	\$2,004	\$167	Yes	EPL
Data & Integration Services	\$600	\$50	Yes	EPL
Backup Internet (3G or LTE)	\$300	\$25	Yes	EPL
Network Management Fee	\$300	\$25	Yes	EPL
Mobile Device Management (Per Tablet)	\$36	\$3	Yes	EPL
Firewall Licensing <sup>3</sup>	\$480	\$40		
WIFI Controller (2 Access Points)	\$135	\$11.25	Yes	EPL
Security Software & SOC Services <sup>4</sup>	\$900	\$75	Yes	EPL
Learning Management Platform	\$1200	\$100	Yes	EPL
Beyond Software <sup>5</sup>	\$1,320	\$110	Yes	EPL
Broadband WAN <sup>6</sup>	\$1,188	\$99	Yes	EPL
<b>Monthly Cost per Restaurant<sup>7</sup></b>		<b>\$915.25</b>		
Digital Menu Board and Preview Board <sup>8</sup>	\$912	\$76	Yes	EPL
Kiosk <sup>9</sup>	\$1,440	\$120	Yes	EPL

**NOTE: Mixed services not allowed. All service levels must be the same for all Restaurants per Franchisee.**

<sup>1</sup> All fees listed in this Fee Schedule may change due to, but limited to, third party vendor price changes, price tiers based on the total count of system wide installations charged by third party vendors and the Restaurant configuration.

<sup>2</sup> There may be additional charges if any remediation is required. PCI scanning services are for external firewall scans only.

<sup>3</sup> Cloud hosted and managed firewalls require licensing fees.

<sup>4</sup> Security Software & SOC Services are provided by Onelogin (Single Sign On), SentinelOne (Antivirus), Trellix (Endpoint Detection & Response), Tanium (Patch Management), and Mandiant (24/7 Security Operations Center).

<sup>5</sup> Beyond software fees are for application hosting and support. Beyond offers inventory, ordering, temperature line checks, log scheduling, and reports.

<sup>6</sup> BROADBAND service cost is approximate and subject to increase if 2Mx1M Broadband is not available. Services subject to additional costs are wireless broadband, business class cable, and Fractional or full T1.

<sup>7</sup> Monthly rate based on standard Restaurant configuration. Support cost for non-standard configuration subject to change, based on actual hardware deployed.

<sup>8</sup> Optional Digital Menu Board and Preview Board fees are determined by the count of digital menu panels. Each digital menu/preview board carries a vendor license fee of \$14 per panel plus \$5 per panel content management fee (minimum \$15/month per Restaurant), with a standard configuration consisting of 4 panels. The costs may actually be different than the amount shown due to the number of panels used in the Restaurant.

<sup>9</sup> Optional Kiosk Software fees are for application hosting. Additionally there is a \$400 one time setup fee per Restaurant.

## EXHIBIT 8: GENERAL RELEASE

This General Release (“**General Release**”) is made effective \_\_\_\_\_, 20\_\_, by the undersigned, \_\_\_\_\_, a \_\_\_\_\_ (referred herein after as the “**Franchisee**”).

In consideration of El Pollo Loco, Inc., a Delaware corporation (“**Franchisor**”): \_\_\_\_\_; and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Franchisee hereby waives, releases, and forever discharges Franchisor, and all Franchisor’s affiliates, and all the respective directors, officers, employees, attorneys, representatives and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the date hereof, which Franchisee now has or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Franchise Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Franchisee which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement or any other agreement between Franchisee and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

**“Section 1542.**

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party.”**

Franchisee voluntarily waive all benefits and protections of Civil Code Section 1542, and any comparable law, and intend the release above to apply to known and unknown claims alike.

El Pollo Loco # \_\_\_\_\_

Location: \_\_\_\_\_

This General Release may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this General Release transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

**IN WITNESS WHEREOF** each of the parties, either personally or through its duly authorized signatory, as applicable, has executed this General Release effective as of the date(s) written below.

**FRANCHISEE:**

If an entity:

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

If an individual:

\_\_\_\_\_, an Individual

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: An Individual

Date: \_\_\_\_\_

## EXHIBIT 9: CONSENT TO AND ASSIGNMENT OF FRANCHISE RIGHTS

### A: To be Used for a Change of Ownership Interests in Franchisee

This Consent to and Assignment of Franchise Rights (the "**Consent Agreement**") dated \_\_\_\_\_, 20\_\_\_\_ (the "**Effective Date**") by and between **El Pollo Loco, Inc.**, a Delaware corporation ("**Franchisor**"), located at 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626, Attn: Legal Dept re EPL #\_\_\_\_, \_\_\_\_\_, a \_\_\_\_\_ (the "**Assignor**"), located at \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_, (the "**Assignee**"), located at \_\_\_\_\_.

### RECITALS

A. Franchisor and Assignor are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") pertaining to the operation of the El Pollo Loco restaurant located at \_\_\_\_\_ (the "**Restaurant**").

B. Assignor desires to assign all of his/her/its title, rights, privileges and interests and obligations under the Franchise Agreement to Assignee and to sell, transfer, and convey all of his/her/its title, rights, privileges, and interests to the Assets of the Restaurant to Assignee, all in accordance with the assignment provisions of the Franchise Agreement.

C. The Franchise Agreement requires that Assignor first obtain written consent of Franchisor before undertaking any assignment of the Franchise Agreement or sale of the assets of the Restaurant.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Recitals A through C above are incorporated herein and by this reference made a part of this Consent Agreement.

2. Subject to the terms and conditions set forth herein, and upon the payment to Franchisor of a transfer fee of \$\_\_\_\_, **000.00**, Franchisor does hereby consent to the assignment by Assignor to Assignee of all of Assignor's rights, privileges, interests, and obligations under the Franchise Agreement.

3. Assignee shall execute the current form of Franchise Agreement (the "**Current Franchise Agreement**") for a term which coincides with the initial term of the Franchise Agreement and for which there shall be no Initial Franchise Fee ("**IFF**"); and Assignee covenants, warrants and agrees that, as of the date hereof, all of the obligations, liabilities and provisions of the Current Franchise Agreement shall be fully performed and complied with by Assignee in its capacity as "Franchisee" under the Current Franchise

Agreement, including, but not limited to, payment in full of all obligations to Franchisor and to third parties arising from the existence, operation, or maintenance of the Restaurant.

4. ***If there are remodel requirements the following language will be used:*** "Assignee covenants, warrants and agree that the required reimage and/or remodel requirements, will be completed to the satisfaction of Franchisor no later than **90 days after the date of transfer of the Restaurant operation from Assignor to Assignee ("Changeover Date")**. Assignee agrees that such required reimage and/or remodel requirements will not be considered complete until Franchisor has agreed to the final completion in writing. Should the required reimage and/or remodel of the Restaurant not be completed to Franchisor's satisfaction, then Franchisor may terminate the Current Franchise Agreement under Section 18, entitled Default and Termination". ***If there are no remodel requirements the above language will be replaced with:*** "Franchisor acknowledges and agrees that as of the date of this Consent Agreement, there are no remodel requirements to be completed prior to the transfer of the Restaurant from Assignor to Assignee."

5. Assignee acknowledges and warrants:

a. that the Current Franchise Agreement and any related franchise disclosure documents, manuals, lists, forms and other documents previously transmitted to Assignee have been fully read and understood;

b. that Assignee is knowledgeable and experienced in regard to the operation of an El Pollo Loco restaurant and the Franchisor operating system;

c. that Assignee agrees to undertake, in accordance with the terms of the Current Franchise Agreement, such training as Franchisor may deem appropriate in connection with the operation and maintenance of the Restaurant;

d. that Assignee is fully aware that the initial term of the Current Franchise Agreement will expire on \_\_\_\_\_, and has no renewal option periods and the Current Franchise Agreement does not grant Assignee any territorial right or licenses, exclusive or otherwise; and

e. that as of the date of this Consent Agreement, the ownership interest in Assignee is divided as follows:

- (i) \_\_\_\_\_ - \_\_\_\_\_ %  
 (ii) \_\_\_\_\_ - \_\_\_\_\_ %

f. that Assignee has conducted an independent study of the Restaurant, including consideration of any sales, profits or earnings figures that may have been made available to Assignee by or on behalf of Assignor, and in entering into this Agreement, Assignee relies solely upon such independent knowledge and in no respect has Assignee relied upon any representation, statement, endorsement or promise, either

oral or written, by or on behalf of Franchisor.

6. Release.

a. In consideration of the consent by Franchisor granted herein, Assignor and Assignee (collectively "**Releasors**") do each hereby waive, release and forever discharge Franchisor, and all of Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives, and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the date hereof, which Releasors now have or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Franchise Agreement or the Current Franchise Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Assignee or Franchisor and Assignor or Assignor and Assignee which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement, or the Current Franchise Agreement, or the Consent Agreement, and to the extent allowed by law, any claim for breach of the assignment of Assignor's title, rights, privileges, interests, and obligations under the Franchise Agreement as contemplated in this Consent Agreement, or any other agreement between Releasors (or any of them) and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

b. It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

**"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party."**

c. Releasors voluntarily waive all benefits and protections of Civil Code Section 1542, and any comparable law, and intend the release above to apply to known and unknown claims alike.

7. Assignor and Assignee understand and agree that Assignor shall remain secondarily liable in the event of any default by the Assignee under the Current Franchise Agreement, and that by entering into this Consent Agreement, Assignor and Assignee fully and unconditionally guarantee the Assignee's performance and compliance in all respects with the obligations, liabilities and provisions thereunder; provided, however, that this guarantee shall not extend to any default of non-compliance with the obligations,

liabilities, and provisions of the Current Franchise Agreement by Assignee during any extension of the initial term of the Current Franchise Agreement. Assignor further understands and agrees that, to the extent principals of Assignor have personally guaranteed the performance of Assignor under the terms and conditions of the Current Franchise Agreement, such personal guarantee shall NOT be modified by this Consent Agreement and any such guarantors shall not be released from liability of any kind or nature by the terms of this Consent Agreement. Franchisor agrees that a copy of any notice of default given to Assignee by Franchisor shall also be concurrently given to Assignor.

8. Unless Assignee is currently the franchisee of another El Pollo Loco restaurant, Assignor shall train, at Assignor's expense, Assignee and up to 2 of Assignee's managers prior to Assignee's takeover of the operation of the Restaurant from Assignor, in order to train Assignee in the Franchisor operating system. Such training must be completed to Franchisor's satisfaction prior to turning over the running of the Restaurant to Assignee. In the event that Assignor wishes Franchisor to train Assignee's personnel in the Franchisor operating system, Assignor shall reimburse Franchisor for the cost of such training.

9. Assignor agrees to grant permission to Assignee for Assignee to access the historical sales and transactional information belonging to Assignor as stored in Assignor's Point of Sale system ("**POS**") prior to the effective date of this Consent Agreement.

10. Franchisor's consent to the assignment of Assignor's rights and obligations under the Franchise Agreement and the assets of the Restaurant is expressly contingent upon Assignor paying and discharging all obligations incurred in Assignor's operation of the Restaurant prior to the Changeover Date including, but not limited to, the following:

a. Any unpaid amounts owed Franchisor under monthly franchise billing statements for periods up to the Changeover Date which, through \_\_\_\_\_, **20**\_\_\_ are estimated to be \$\_\_\_\_\_ and shall be payable through escrow, by cashier's check or by direct debit (ACH) to Franchisor. If the Changeover Date is not \_\_\_\_\_, 20\_\_\_, the estimate should be adjusted by \$\_\_\_\_\_ per diem;

b. Taxes due or accrued and unpaid, including, but not limited to, the sales tax on food and consumables sold in the Restaurant;

c. Any federal, state or local taxes required to be withheld from employees' salaries and wages; and

d. Any and all amounts due suppliers and vendors to the Restaurant.

11. Within 30 days following the Changeover Date, Franchisor shall prepare and submit to Assignor a final accounting for sums due together with a check for any sums due Assignor or a statement for any sums due Franchisor. In connection with such

accounting, Franchisor shall have the right, without the obligation, to pay any bills incurred by Assignor prior to the Changeover Date and to add amounts so paid to amounts charged Assignor in such accounting. As of the Changeover Date, Assignee shall assume total responsibility for the operation of, and shall be solely responsible for, any obligations incurred in connection with the Restaurant prior to the Changeover Date in the event that such obligations have not been satisfied by Assignor.

12. All notices required under this Consent Agreement shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. The address for Franchisor, Assignor and Assignee shall be the address listed above in the first paragraph of this Consent Agreement. Franchisor, Assignor or Assignee may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein. Notwithstanding anything to the contrary contained herein, Franchisor may deliver bulletins and updates to the Manual by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor. This notice provision supersedes any notice provision contained in the Franchise Agreement.

13. This Consent Agreement shall inure to the benefit of the successors and assigns of Franchisor, and to any and all of its affiliates, parents and subsidiaries, and shall be binding upon the heirs, representatives, successors and assigns of Assignor and Assignee.

14. Except as modified herein, all the terms and conditions of the Franchise Agreement shall be unaffected and remain in full force and effect.

15. The parties hereto acknowledge that they have read and fully understand the provisions of this Consent Agreement and that said provisions constitute a complete and exclusive expression of its terms and conditions.

16. The parties executing this Consent Agreement on behalf of Assignee or Assignor hereby represent and warrant that: (a) they have the full power, right and authority to enter into and execute this Consent Agreement; and (b) those persons whose signatures are hereinafter evidenced on this Consent Agreement on behalf of Assignee or Assignors are duly authorized signatories of Assignee or Assignors, fully empowered to commit and bind Assignee or Assignors to those certain terms, covenants and conditions set forth herein.

17. If either party is a business organization, the party is duly organized and

El Pollo Loco # \_\_\_\_\_

Location: \_\_\_\_\_

qualified to do business in the state and any other applicable jurisdiction within which the Restaurant is located.

18. This Consent Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized officer of Franchisor.

19. This Consent Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. It shall not be necessary for Franchisor, Assignors and Assignee to execute the same counterpart(s) of this Consent Agreement for this Consent Agreement to become effective. A signature on this Consent Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Consent to and Assignment of Franchise Rights Agreement as of the date(s) written below.

FRANCHISOR:

**El Pollo Loco, Inc.**, a Delaware Corporation

ASSIGNOR:

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ASSIGNEE:

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

## **B: To be Used for an Entity Change by Franchisee**

This Consent to and Assignment of Franchise Rights (the "**Consent Agreement**") dated \_\_\_\_\_, 20\_\_\_\_ (the "**Effective Date**") by and between **El Pollo Loco, Inc.**, a Delaware corporation ("**Franchisor**"), located at 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626, Attn: Legal Dept re EPL # \_\_\_\_\_, \_\_\_\_\_, a \_\_\_\_\_ (the "**Assignor**"), located at \_\_\_\_\_ and \_\_\_\_\_, a \_\_\_\_\_, located at \_\_\_\_\_ (the "**Assignee**").

### RECITALS

A. Franchisor and Assignor are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") pertaining to the operation of the El Pollo Loco restaurant located at \_\_\_\_\_ (the "**Restaurant**").

B. Assignor desires to assign all of Assignor's title, rights, privileges and interests and obligations under the Franchise Agreement to Assignee and to sell, transfer, and convey all of such title, rights, privileges, and interests to the Assets of the Restaurant to Assignee, all in accordance with the assignment provisions of the Franchise Agreement.

C. The Franchise Agreement requires that Assignor first obtain written consent of Franchisor before undertaking any assignment of the Franchise Agreement or sale of the assets of the Restaurant.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Recitals A through C above are incorporated herein and by this reference made a part of this Consent Agreement.

2. Subject to the terms and conditions set forth herein, and upon the payment to Franchisor of an entity fee of **\$500.00**, Franchisor does hereby consent to the assignment by Assignor to Assignee of all of Assignor's rights, privileges, interests, and obligations under the Franchise Agreement.

3. Assignee covenants, warrants and agrees that, as of the date hereof, all of the obligations, liabilities and provisions of the Franchise Agreement shall be fully performed and complied with by Assignee in its capacity as "**Franchisee**" under the Franchise Agreement, including, but not limited to, payment in full of all obligations to Franchisor and to third parties arising from the existence, operation, or maintenance of the Restaurant.

4. Assignee acknowledges and warrants:

a. that the Franchise Agreement and any related franchise disclosure documents, manuals, lists, forms and other documents previously transmitted to Assignee have been fully read and understood;

b. that Assignee is knowledgeable and experienced in regard to the operation of an El Pollo Loco restaurant and the Franchisor operating system;

c. that Assignee is fully aware that the initial term of the Franchise Agreement will expire on \_\_\_\_\_, and has no renewal option periods and the Franchise Agreement does not grant Assignee any territorial right or licenses, exclusive or otherwise; and

d. that as of the date of this Consent Agreement, the ownership interest in Assignee is divided as follows:

- (i) \_\_\_\_\_ - \_\_\_\_\_%
- (ii) \_\_\_\_\_ - \_\_\_\_\_%

5. Release.

a. In consideration of the consent by Franchisor granted herein, Assignor and Assignee (collectively "**Releasors**") do each hereby waive, release and forever discharge Franchisor, and all of Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives, and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the date hereof, which Releasors now have or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Franchise Agreement or the Current Franchise Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Assignee or Franchisor and Assignor or Assignor and Assignee which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement, or the Current Franchise Agreement, or the Consent Agreement, and to the extent allowed by law, any claim for breach of the assignment of Assignor's title, rights, privileges, interests, and obligations under the Franchise Agreement as contemplated in this Consent Agreement, or any other agreement between Releasors (or any of them) and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

b. It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

**"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party."**

c. Releasers voluntarily waive all benefits and protections of Civil Code Section 1542, and any comparable law, and intend the release above to apply to known and unknown claims alike.

6. Assignor and Assignee understand and agree that Assignor shall remain secondarily liable in the event of any default by the Assignee under the Franchise Agreement, and that by entering into this Consent Agreement, Assignor and Assignee fully and unconditionally guarantee the Assignee's performance and compliance in all respects with the obligations, liabilities and provisions thereunder; provided, however, that this guarantee shall not extend to any default of non-compliance with the obligations, liabilities, and provisions of the Franchise Agreement by Assignee during any extension of the initial term of the Franchise Agreement. Assignor further understands and agrees that, to the extent principals of Assignor have personally guaranteed the performance of Assignor under the terms and conditions of the Franchise Agreement, such personal guarantee shall NOT be modified by this Consent Agreement and any such guarantors shall not be released from liability of any kind or nature by the terms of this Consent Agreement. Franchisor agrees that a copy of any notice of default given to Assignee by Franchisor shall also be concurrently given to Assignor.

7. Assignor agrees to grant permission to Assignee for Assignee to access the historical sales and transactional information belonging to Assignor as stored in Assignor's Point of Sale system ("**POS**") prior to the effective date of this Consent Agreement.

8. Franchisor's consent to the assignment of Assignor's rights and obligations under the Franchise Agreement and the assets of the Restaurant to Assignee is expressly contingent upon: (i) Assignor paying and discharging all obligations incurred in Assignor's operation of the Restaurant prior to the date of transfer of the Restaurant operation from Assignor to Assignee ("**Changeover Date**"); and (ii) Assignee shall assume total responsibility for the operation of, and shall be solely responsible for, any obligations incurred in connection with the Restaurant prior to the Changeover Date in the event that such obligations have not been satisfied by Assignor.

9. All notices required under this Consent Agreement shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom

such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. The address for Franchisor, Assignor and Assignee shall be the address listed above in the first paragraph of this Consent Agreement. Franchisor, Assignor or Assignee may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein. Notwithstanding anything to the contrary contained herein, Franchisor may deliver bulletins and updates to the Manual by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor. This notice provision supersedes any notice provision contained in the Franchise Agreement.

10. This Consent Agreement shall inure to the benefit of the successors and assigns of Franchisor, and to any and all of its affiliates, parents and subsidiaries, and shall be binding upon the heirs, representatives, successors and assigns of Assignor and Assignee.

11. Except as modified herein, all the terms and conditions of the Franchise Agreement shall be unaffected and remain in full force and effect.

12. The parties hereto acknowledge that they have read and fully understand the provisions of this Consent Agreement and that said provisions constitute a complete and exclusive expression of its terms and conditions.

13. The parties executing this Consent Agreement on behalf of Assignee or Assignor hereby represent and warrant that: (a) they have the full power, right and authority to enter into and execute this Consent Agreement; and (b) those persons whose signatures are hereinafter evidenced on this Consent Agreement on behalf of Assignee or Assignors are duly authorized signatories of Assignee or Assignors, fully empowered to commit and bind Assignee or Assignors to those certain terms, covenants and conditions set forth herein.

14. If either party is a business organization, the party is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Restaurant is located.

15. This Consent Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by authorized officers of Franchisor.

16. This Consent Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. It shall not be necessary for Franchisor, Assignors and Assignee to execute the same counterpart(s) of this Consent Agreement for this Consent Agreement to become effective. A signature on this Consent Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed this Consent to and Assignment of Franchise Rights Agreement as of the date(s) written below.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

ASSIGNOR:  
\_\_\_\_\_,  
a \_\_\_\_\_

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

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

ASSIGNEE:  
\_\_\_\_\_, a \_\_\_\_\_

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

## EXHIBIT 10: AMENDMENT TO EL POLLO LOCO® FRANCHISE AGREEMENT TO APPLY DEVELOPMENT FEE

This Amendment to the El Pollo Loco® Franchise Agreement to Apply Development Fee (“**Amendment**”) is made on \_\_\_\_\_, \_\_\_\_\_ by and among **El Pollo Loco, Inc.**, a Delaware corporation (“**Franchisor**”) and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”).

### RECITALS:

A. Franchisor and Franchisee are simultaneously entering into this Amendment and an El Pollo Loco® Franchise Agreement (“**Franchise Agreement**”) for an El Pollo Loco® restaurant located at \_\_\_\_\_ (“**Restaurant**”).

B. Franchisor and \_\_\_\_\_ (“**Developer**”) entered into an El Pollo Loco® Franchise Development Agreement (# \_\_\_\_\_) dated \_\_\_\_\_ (“**Development Agreement**”) for the Territory as set forth on Exhibit A to be developed as set forth in the Development Schedule as set forth on Exhibit B of the Development Agreement. Developer is an affiliate of Franchisee.

C. Franchisor and Franchisee wish to modify the terms of the Franchise Agreement as described in this Amendment.

### AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties hereto, the parties agree as follows:

1. **Recitals.** Franchisor and Franchisee acknowledge and agree with all of the above listed recitals which are incorporated herein to this Amendment.

2. **Application of Development Fee towards the IFF for the Franchise Agreement for the Restaurant.** Per the Development Agreement, Developer paid \$20,000 in Development Fees to be applied towards the IFF for the Franchise Agreement for the Restaurant developed under the Development Agreement. This payment has been applied to the IFF for this Franchise Agreement. Franchisee will pay the balance of \$ \_\_\_\_\_ in full within 30 days of delivery of execution copies of this Agreement to Franchisee.

3. **Entire Agreement.** This Amendment and the Franchise Agreement embody the entire understanding between Franchisor and Franchisee with respect to the modifications set forth above and can be changed only by a writing signed by Franchisor and Franchisee. Except as modified herein, all the terms and conditions of the Franchise Agreement shall be unaffected and remain in full force and effect. In the event of any inconsistency between the terms of this Amendment and the terms of the Franchise

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

Agreement, the terms of this Amendment shall control.

4. **Miscellaneous.** All capitalized terms not otherwise defined in this Amendment shall have the meanings given in the Franchise Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Amendment. The parties hereto acknowledge that they have read and fully understand the provisions of this Amendment and that said provisions constitute a complete and exclusive expression of its terms and conditions. The parties executing this Amendment on behalf of Franchisor and Franchisee are duly authorized to do so. This Amendment shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized officer of Franchisor. This Amendment may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Amendment transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

**IN WITNESS WHEREOF**, this Amendment to the El Pollo Loco® Franchise Agreement To Apply Development Fee has been executed by the parties hereto as of the dates set forth below.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_,  
a \_\_\_\_\_

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

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

## EXHIBIT 11: AMENDMENT TO EL POLLO LOCO® SUCCESSOR FRANCHISE AGREEMENT

This Amendment to the El Pollo Loco® Successor Franchise Agreement (“**Amendment**”) is made on \_\_\_\_\_, \_\_\_\_\_ by and among **El Pollo Loco, Inc.**, a Delaware corporation (“**Franchisor**”) and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”).

### RECITALS:

A. Franchisor and Franchisee are simultaneously entering into this Amendment and an El Pollo Loco® Successor Franchise Agreement (“**Successor Franchise Agreement**”) for an El Pollo Loco® restaurant located at \_\_\_\_\_ (“**Restaurant**”).

B. Franchisor and \_\_\_\_\_ entered into that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ (“**Original Franchise Agreement**”). The Original Franchise Agreement will expire on \_\_\_\_\_, \_\_\_\_\_.

C. Franchisee and \_\_\_\_\_ (“**Landlord**”), entered into that certain Lease dated \_\_\_\_\_, \_\_\_\_\_ (“**Lease**”). The Lease expires on \_\_\_\_\_, \_\_\_\_\_ and has \_\_\_\_\_ option(s) to extend the term of the Lease for a period of \_\_\_\_\_ years (each).

D. Per the terms of the Original Franchise Agreement, Franchisee has requested a new El Pollo Loco® franchise agreement for a term of \_\_\_\_\_ (\_\_\_\_) years for the Restaurant (“**Successor Franchise Agreement**”).

E. Franchisor and Franchisee wish to modify the terms of the Successor Franchise Agreement as described in this Amendment.

F. The effectiveness of the Successor Franchise Agreement and this Amendment are contingent upon Franchisee being in good standing as of the date first written above.

### AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties hereto, the parties agree as follows:

1. **Recitals.** Franchisor and Franchisee acknowledges and agrees with all of the above listed recitals which are incorporated herein to this Amendment.
2. **Commencement Date and Expiration Date of Successor Franchise Agreement.** Paragraph 3.1 of the Successor Franchise Agreement is hereby deleted in it’s entirely and replaced with the following: “The term of this Successor Franchise Agreement shall **commence on** \_\_\_\_\_, \_\_\_\_\_ **and shall expire on** \_\_\_\_\_, \_\_\_\_\_”

\_\_\_\_\_, \_\_\_\_\_ (“**Term**”), unless sooner terminated as provided herein. Should Franchisee lease the site of the Restaurant, the lease or sublease must be for a term which with renewal options is not less than the Term of the Successor Franchise Agreement, and contain the following terms and conditions set forth below and in a form approved by Franchisor:

- (a) The tenant entity on the lease must match the franchise entity on the successor franchise agreement; and
- (b) The term (with renewal options) of the lease must match at least the initial term of the successor franchise agreement; and
- (c) The landlord consents to your use of the premises as an El Pollo Loco® restaurant which will be open during the required days and hours set out in the El Pollo Loco® Manual.

Should Franchisee be unable to lease the site of the Restaurant for a term equal to the Term, then as our sole and absolute right to determine, the Term of the Successor Franchise Agreement may be reduced to match the term of the lease or sublease and the renewal franchise fee will be appropriately pro-rated. Upon the expiration or earlier termination of this Successor Franchise Agreement, Franchisee shall have no right or option to extend the term of this Successor Franchise Agreement.”

**3. Amendment (Site Development, Improvements, Fixtures and Equipment, and Grand Opening Advertising).** Sections 4.1, 5.8 and 8.8 of the Successor Franchise Agreement are hereby deleted in their entirety; provided however, that Sections 4.1, 5.8 and 8.8 shall be reinstated in the event that Franchisor grants Franchisee the right to relocate the Restaurant under Section 23.17.a, 23.17.b and 23.17.c of the Successor Franchise Agreement.

**4. Successor Franchise Fee.** The first sentence of Section 6.1.a of the Successor Franchise Agreement is hereby deleted and replaced with the following: “Per the renewal fee described in the Original Franchise Agreement, Franchisee will pay in full a renewal franchise fee of \$\_\_\_\_\_ (“**Renewal Franchise Fee**”). The Renewal Franchise Fee will be paid within 30 days of delivery of execution copies of this Amendment and Successor Franchise Agreement to Franchisee; provided, however, if the Restaurant is a Turnkey Restaurant the Renewal Franchise Fee shall be payable upon execution of this Successor Franchise Agreement.”

**5. Rights to a Successor Franchise.** Section 20 of the Successor Franchise Agreement is hereby deleted and replaced with the following: “Franchise shall have no right or option to extend the Successor Term of this Successor Franchise Agreement. In order for Franchisee to operate beyond the Successor Term, Franchisee must meet the then-current criteria to become an El Pollo Loco franchisee and enter into a then current form of Franchise Agreement and ancillary agreements, the terms of which may vary substantially from this Amendment and Successor Franchise Agreement.”

**6. Entire Agreement.** This Amendment and the Successor Franchise Agreement

El Pollo Loco # \_\_\_\_\_

Location: \_\_\_\_\_

embodies the entire understanding between Franchisor and Franchisee with respect to the modifications set forth above and can be changed only by a writing signed by Franchisor and Franchisee. Except as modified herein, all the terms and conditions of the Successor Franchise Agreement shall be unaffected and remain in full force and effect. In the event of any inconsistency between the terms of this Amendment and the terms of the Successor Franchise Agreement, the terms of this Amendment shall control.

7. **Miscellaneous.** All capitalized terms not otherwise defined in this Amendment shall have the meanings given them in the Successor Franchise Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Amendment. The parties hereto acknowledge that they have read and fully understand the provisions of this Amendment and that said provisions constitute a complete and exclusive expression of its terms and conditions. The parties executing this Amendment on behalf of Franchisor and Franchisee are duly authorized to do so. This Amendment shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized officer of Franchisor. This Amendment may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Amendment transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, this Amendment to an El Pollo Loco® Successor Franchise Agreement has been executed by the parties hereto as of the date(s) set forth below.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_,  
a \_\_\_\_\_

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

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

**EXHIBIT 12: REMODEL SCHEDULE PARTICIPATION AGREEMENT**

**THIS REMODEL SCHEDULE PARTICIPATION AGREEMENT (“Remodel Agreement”)** is made and entered into as of \_\_\_\_\_, \_\_\_\_\_ (“**Effective Date**”), by and between **El Pollo Loco, Inc.**, a Delaware corporation (the “**Franchisor**”) and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”).

**RECITALS:**

A. Franchisor and Franchisee are parties to the El Pollo Loco® Franchise Agreements and El Pollo Loco® Successor Franchise Agreements referenced hereto and incorporated herein as Exhibit A. Those agreements listed on Exhibit A shall be referred to collectively herein as “**Franchise Agreements**” and individually as “**Franchise Agreement**”. The Restaurants listed on Exhibit A shall be referred to collectively herein as “**Restaurants**” and individually as “**Restaurant**”.

B. Franchisor and Franchisee desire to set forth the terms and conditions whereby Franchisee will remodel all the Restaurants as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Remodel Agreement the parties agree as follows:

**AGREEMENT:**

1. The Recitals listed above are incorporated herein and by this reference made a part of this Remodel Agreement.

2. Franchisee, at Franchisee's expense, will remodel all Restaurants as described in Exhibit A to then current El Pollo Loco® standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor (“**Remodel Requirements**”). All signs to be used in connection with the Restaurant, both exterior and interior, must conform to Franchisor's sign criteria as to type, color, design and location and be approved in writing by Franchisor prior to installation or display.

3. Franchisee covenants, warrants and agrees that the required Remodel Requirements will be completed in each of Franchisee’s Restaurants, to the satisfaction of Franchisor no later than the dates listed on Exhibit A. Franchisee agrees that such required Remodel Requirements will not be considered complete until Franchisor has agreed to the final completion in writing. **Should the required Remodel Requirements of any or all Restaurants not be completed to Franchisor’s satisfaction, then such violation of this Remodel Agreement and/or the Franchise Agreements is deemed to be a material breach and Franchisor hereby reserves all rights and remedies available under this Remodel Agreement and the operative Franchise Agreement.** In addition, Franchisee acknowledges and agrees that Franchisor will inspect the first Restaurant to ensure the Remodel Requirements have been complied with. Only after

Franchisor's approval of the remodel of the first Restaurant, then Franchisee may remodel any or all of the remaining Restaurants, more than one at a time. Should Franchisor not approve the remodel of the first Restaurant, Franchisee will have to finalize the remodel of that Restaurant and seek Franchisor's re-inspection and approval of that Restaurant before continuing onto the remodel of any or all of the remaining Restaurants.

4. In consideration of Franchisor's consent to Franchisee's participation in the remodel deadlines granted herein, except as prohibited by law, Franchisee hereby waives, releases and forever discharges Franchisor, all Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives, and agents of said entities, from all obligations, liabilities, claims, actions and causes of action of whatever kind or nature, including, but not limited to, any alleged violation of the California Franchise Relations Act or any other similar state statute or regulation, any Federal or State antitrust claims, any claimed violation of the Franchise Agreement, any claim for breach of any implied covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Franchisee which arose on or before the date hereof, it is understood and agreed that any and all rights granted to Franchisee under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

**"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party."**

5. Franchisee hereby agrees to indemnify and defend the Franchisor, its officers, directors, shareholders, employees, agents and affiliates against and hold them harmless from any loss, liability, claim, damage, award, settlement, cost or expense (including reasonable legal fees and expenses) incurred in connection with any suit or claim of action brought against any such indemnified party in connection with Franchisee's participation in the remodel and/or the services or goods provided by Franchisor in connection therewith, including, but not limited to, any breach by Franchisee of this Remodel Agreement.

6. This Remodel Agreement embodies the entire understanding between Franchisor and Franchisee with respect to the matters set forth herein and can be changed only by a writing signed by Franchisor and Franchisee. Except as otherwise modified by this Remodel Agreement, the terms and conditions of the Franchise Agreements shall remain unchanged and in full force and effect. In the event of any inconsistency between the terms of this Remodel Agreement and the terms of the Franchise Agreement, the terms of this Remodel Agreement shall control.

7. The parties executing this Remodel Agreement on behalf of Franchisor and Franchisee are duly authorized to do so. This Remodel Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized

El Pollo Loco # \_\_\_\_\_

Location: \_\_\_\_\_

officer of Franchisor. This Remodel Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Remodel Agreement. A signature on this Remodel Agreement transmitted via facsimile or electronic mail/PDF or equivalent , electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

8. Should any party hereto institute any action or proceeding at law or in equity, or in connection with an arbitration, to enforce any provision of this Remodel Agreement, including an action for declaratory relief, or for damages by reason of an alleged breach of any provision of this Remodel Agreement, or otherwise in connection with this Remodel Agreement, or any provision thereof, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding or in connection with the collection of any judgment thereby obtained.

9. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions contained herein and any present or future statute, law, ordinance or regulation, the latter shall prevail; but the provision of this Remodel Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event any portion of this Remodel Agreement is determined to be invalid or unenforceable, the balance of all other provisions shall remain in full force and effect.

10. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Remodel Schedule Participation Agreement as of the date(s) set forth below.

FRANCHISOR:  
**El Pollo Loco, Inc.**, a Delaware Corporation

FRANCHISEE:  
\_\_\_\_\_, a  
\_\_\_\_\_

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

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

El Pollo Loco # \_\_\_\_\_  
Location: \_\_\_\_\_

**EXHIBIT A  
FRANCHISE AGREEMENTS & REMODEL DEADLINES**

<b>Location No</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>ZIP</b>	<b>Agreement Signed</b>	<b>Next Remodel Due</b>

**EL POLLO LOCO® FRANCHISE AGREEMENT SCHEDULE 1: STATEMENT OF OWNERSHIP OF FRANCHISEE**

<b>Name of Party to Franchisee Entity</b>	<b>Ownership Percent of Franchisee</b>
_____ (This Party will be the Only Party to Receive Notice on behalf of Franchisee)	%
	%

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

## EXHIBIT D: PURCHASE AGREEMENT



### EL POLLO LOCO® PURCHASE AGREEMENT

Dated: \_\_\_\_\_, 20\_\_\_\_

**Restaurants:**

# \_\_\_\_\_ Restaurant (formerly # \_\_\_\_\_) – Location \_\_\_\_\_  
# \_\_\_\_\_ Restaurant (formerly # \_\_\_\_\_) – Location \_\_\_\_\_

**Seller:**

El Pollo Loco, Inc., a Delaware corporation

**Buyer:**

\_\_\_\_\_

**Buyer's Owners (Individuals):**

\_\_\_\_\_

\_\_\_\_\_

(Control No. 032724)

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**EL POLLO LOCO**  
**REFRANCHISING ASSET PURCHASE AGREEMENT**  
**( \_\_\_\_\_ (#) Restaurants in the \_\_\_\_\_ Area)**

THIS REFRANCHISING ASSET PURCHASE AGREEMENT (the "Agreement") is entered into effective as of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and among **El Pollo Loco, Inc.**, a Delaware corporation with its principal business address at 3535 Harbor Blvd., Suite 100, Costa Mesa, California 92626 (the "Seller"); \_\_\_\_\_ with its principal business address at \_\_\_\_\_ (the "Buyer"), and \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ (collectively, "Buyer's Owners").

**RECITALS:**

Seller's is the owner, operator and franchisor for the El Pollo Loco restaurant brand;

Seller owns and operates \_\_\_\_ (#) \_\_\_\_ (\_\_\_\_) El Pollo Loco restaurants (each a "Restaurant") and collectively, the "Restaurants") as follows:

- a) (Insert Restaurant location) \_\_\_\_\_ (the " (#) Restaurant"); and
- b) (Insert Restaurant location) \_\_\_\_\_ (the " (#) Restaurant").

Buyer's Owners owns one hundred percent (100%) of the ownership interests in Buyer;

Seller desires to sell the Restaurants, together with their respective properties and assets directly related to the Restaurants, and Buyer desires to purchase the Restaurants and assets directly related to the Restaurants, for the consideration and on the terms set forth in this Agreement; and

**[IF APPLICABLE]** Buyer currently owns and operates \_\_\_\_ (#) \_\_\_\_ (\_\_\_\_) El Pollo Loco restaurants (each an "Existing Restaurant" and collectively, the "Existing Restaurants") as follows:

- a) (Insert Restaurant location) \_\_\_\_\_ (the " (#) Restaurant"), which is subject to an existing Franchise Agreement between Seller and Buyer (the " (#) Franchise Agreement"); and
- b) (Insert Restaurant location) \_\_\_\_\_ (the " (#) Restaurant"), which is subject to an existing Franchise Agreement between Seller and Buyer (the " (#) Franchise Agreement") and together with [*list the defined term for each existing Franchise Agreement above*], the "Existing Franchise Agreements").

**[IF APPLICABLE]** Buyer and Seller, as Franchisor, have entered into that certain Franchise Development Agreement # \_\_\_\_\_ dated \_\_\_\_\_ (the "Existing Development Agreement").

Concurrently with the execution and delivery of this Agreement, Seller, Buyer and

Buyer's Owners are entering into:

a. \_\_\_\_\_ (#) \_\_\_\_\_ (#) separate forms of El Pollo Loco Franchise Agreements substantially in the form of **Exhibit D** (each a "New Franchise Agreement" and collectively the "New Franchise Agreements") to provide for the operation of the \_\_\_\_\_ (#) \_\_\_\_\_ (#) Restaurants as franchised El Pollo Loco Restaurants; and

b. \_\_\_\_\_ (#) \_\_\_\_\_ (#) separate forms of El Pollo Loco Sublease Agreements (each a "Sublease Agreement" and collectively the "Sublease Agreements") to provide for the premises and improvements (collectively, "Real Properties") on which the \_\_\_\_\_ (#) \_\_\_\_\_ (#) Restaurants are located; and

c. one (1) Franchise Development Agreement to provide for the development of \_\_\_\_\_ (#) \_\_\_\_\_ (#) El Pollo Loco® Restaurants within the \_\_\_\_\_ (insert territory) \_\_\_\_\_ as further defined in the Development Agreement (the "Development Agreement").

The parties, intending to be legally bound, agree as follows:

## **SECTION 1. SALE OF ASSETS.**

Upon the terms and subject to the conditions set forth in this Agreement, at the Closing (as defined in Section 7 below), Seller shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all of Seller's right, title and interest, both legal and beneficial, in the assets directly relating to or used or held for use in connection with the Restaurants, except the Excluded Assets (defined below), including leasehold improvements; contracts/leases for restaurant maintenance/personal property; furniture; fixtures; restaurant equipment and POS equipment; computers, printers and software and related licenses; transferable business licenses; food and beverage inventory located at the Restaurants; supplies located at the Restaurants; and in-store petty cash (collectively, the "Assets", as further described on **Exhibit A** hereto, but specifically excluding any Assets excluded on **Exhibit A** (collectively, the "Excluded Assets")), and as evidenced by the Bill of Sale and Assignment in substantially the form attached hereto as **Exhibit B** ("Bill of Sale").

## **SECTION 2. ASSUMPTION OF LIABILITIES.**

On the Closing Date (as defined in Section 7 below), Buyer shall assume and agrees to discharge only the liabilities of Seller relating to the specific leases, contracts, debts, liabilities or obligations, if any, relating or pertaining to the Assets that are specifically described on **Exhibit C** (collectively, the "Assumed Liabilities"). All other leases, contracts, debts, liabilities or obligations relating or pertaining to the Assets not expressly described in **Exhibit C** (including any Excluded Assets) shall remain the sole and absolute obligation of Seller from and after Closing.

## **SECTION 3. NEW FRANCHISE AGREEMENTS.**

On the Closing Date (as defined in Section 7 below), Buyer and Seller shall enter into a New Franchise Agreement to operate and manage each of the El Pollo Loco Restaurants,

and any other documents or agreements referenced in this Agreement or otherwise reasonably requested by Seller.

#### **SECTION 4. SUBLEASES.**

On the Closing Date, Buyer and Seller shall enter into a sublease agreement for the premises for each of the Restaurants ("Sublease Agreement") substantially in the form of **Exhibit E**. Each Sublease Agreement shall be subject and subordinate to each and all of the terms, conditions, and provisions of the respective master lease for the premises for each of the Restaurants.

#### **SECTION 5. FRANCHISE DEVELOPMENT AGREEMENT.**

On the Closing Date (as defined in Section 7 below), Buyer and Seller shall enter into one (1) Franchise Development Agreement (referred to herein as "Development Agreement") to provide for the development of      (#)      (#) El Pollo Loco<sup>®</sup> Restaurants within the                      (insert territory)      as further defined in the Development Agreement, substantially in the form of **Exhibit F**.

#### **SECTION 6. PURCHASE PRICE, PAYMENT TERMS.**

a. The consideration for the Assets will be: (i) \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in cash at the Closing; PLUS (ii) an estimated amount equal to Two Thousand Dollars (\$2,000.00) per Restaurant for petty cash ("Petty Cash"); PLUS (iii) an estimated amount equal to Ten Thousand Dollars (\$10,000.00) per Restaurant for the cost of Seller's food and beverage inventory (excluding Excluded Assets) ("Inventory and Supplies"); PLUS (iv) the assumption of the Assumed Liabilities described in Section 2 above (collectively, the "Purchase Price"). The total payment due at Closing from Buyer to Seller will be \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) ("Closing Payment"). The actual payment amount shall be calculated based on the actual value of the Petty Cash, Inventory and Supplies for each Restaurant, which shall be determined as of the close of business on the Closing. Such actual value shall be determined by a physical count of all Petty Cash, Inventory and Supplies to be made jointly by Buyer and Seller at Closing. The usable Inventory and Supplies shall be valued at Seller's actual cost of goods as of the Closing to the extent not out of date, consistent with Seller's requirements that such items be useable in the ordinary course of business. Buyer shall have the right to reject within reason, any excess or outdated Supplies and Inventory. Petty Cash transferred to Buyer shall be reimbursed to Seller dollar for dollar. Within thirty (30) business days after the Closing, Buyer or Seller, as appropriate, shall pay the other party the positive difference between the value of the Petty Cash, Supplies and Inventory and the amount paid by Seller to Buyer at Closing.

b. Seller and Buyer acknowledge and agree that, except as noted above, there shall be no closing adjustment to the Purchase Price or post-Closing reconciliation for rent, taxes, prepaid costs, gift cards, other petty cash on hand in the Restaurants or other amounts paid by Seller before the Closing Date.

c. Buyer and Seller agree that the Purchase Price shall be allocated to the

Assets as set forth on **Exhibit G**. After the Closing, the parties shall make consistent use of the allocation, fair market value and useful lives specified in **Exhibit G** for all tax purposes and in all filings, declarations and reports with the IRS in respect thereof, including the reports required to be filed under Section 1060 of the Code. Buyer shall prepare and deliver IRS Form 8594 to Seller within forty-five (45) days after the Closing Date to be filed with the IRS. In any proceeding related to the determination of any tax, neither Buyer nor Seller or Seller's Owners shall contend or represent that such allocation is not a correct allocation.

## **SECTION 7. CLOSING DATE.**

The purchase and sale provided for in this Agreement (the "Closing") shall take place at Seller's headquarters located at 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626 at 9:00 a.m. (local time) on \_\_\_\_\_, 20\_\_\_\_, or at such other date or time as Buyer and Seller may mutually agree in writing (the "Closing Date"). Either Seller or Buyer may elect to extend the Closing Date one or more times, such extensions not to exceed more than forty-five (45) days in the aggregate if the reason for the extension is that a required condition to the Closing has not been materially satisfied.

## **SECTION 8. EMPLOYEES.**

a. Prior to the Closing Date, Seller will, in consultation with Buyer, identify certain key managers and employees (such as Area Leaders and Restaurant Managers) for the Restaurants at least \_\_\_\_\_ days prior to the scheduled Closing.

b. At close of business on the night prior to Closing Date or as appropriate, Seller shall terminate its employment relationship with the employees of the Restaurants. On the Closing Date, Buyer may, at its sole discretion, hire any or all of the former employees of the Restaurants on Buyer's terms, in compliance with applicable federal, state and local laws. Seller makes no warranty express or implied with respect to the qualifications or character of any such individual at the Restaurants. Seller shall allow Buyer an opportunity to interview each of such individuals at least seven (7) days prior to the scheduled Closing. .

c. Unless otherwise agreed in writing, Seller shall be solely liable for any accrued vacation, sick pay or other benefits accrued by the Restaurants' employees on or before the Closing Date.

## **SECTION 9. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER.**

Buyer represents, warrants and covenants the following:

a. Organization. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of \_\_\_\_\_, with full power and authority to conduct its business as it is now conducted.

b. Authority. This Agreement and any other transaction documents to be executed or delivered by Buyer pursuant to this Agreement constitute the legal, valid and

binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Buyer's formation and operating documents authorize it to acquire and operate the Restaurants, and such actions have been duly authorized by all necessary action of its members and managers prior to the Closing.

c. No Conflict with Other Agreements. Buyer and each Buyer's Owner has received not later than \_\_\_\_\_, the Franchise Disclosure Document of El Pollo Loco, Inc. dated March 27, 2024 (Control No. 032724), for the State of \_\_\_\_\_ (the "FDD"), together with the Acknowledgement dated \_\_\_\_\_, 20\_\_\_\_ (the "Acknowledgement") from Seller, and that, except for the express representations made in the FDD, the Acknowledgement and herein, neither Seller nor anyone acting on behalf of Seller has made any representation or warranty to Buyer with respect to any of the Restaurants, or their condition, or any business conducted or to be conducted thereon; and Buyer's execution and delivery of this Agreement, its consummation of the transactions hereby contemplated, and its fulfillment of the terms hereof, will not violate any material provision or result in the material breach of any term or provision of, or constitute a material breach under, or materially conflict with, or cause the acceleration of any obligation under, any material agreement or contract to which Buyer or any Partner is a party or by which Buyer or any Partner is or may be bound, or any judgment, decree, order or award of any court or governmental body, or any applicable law, rule or regulation.

d. Walk-Through of Premises; Verification of Information. Buyer has conducted a walk-through inspection of the Restaurants and inspected any and all leasehold improvements, furniture, equipment, fixtures, inventory and other tangible personal property to be purchased under this Agreement. Buyer acknowledges that Seller has made available to Buyer or its representatives the opportunity to ask questions of and receive answers from Seller concerning the ownership and operation of the Restaurants and to obtain any additional information necessary to verify such information. Buyer acknowledges having received satisfactory answers to all of its questions (if any) from representatives of Seller and having obtained any additional information requested by it of Seller and its representatives. **ACCORDINGLY, BUYER ACKNOWLEDGES AND AGREES THAT THE ASSETS ARE BEING SOLD "AS IS" AND THAT SELLER MAKES NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE RESTAURANTS OR THE ASSETS.**

e. Inspection of Operating Accounts. Buyer has conducted a thorough inspection of Seller's operating accounts pertaining to the Restaurants prior to the Closing (the "Operating Accounts"), and it has found these to be satisfactory. **BUYER ACKNOWLEDGES AND AGREES THAT THE OPERATING ACCOUNTS ARE BEING PROVIDED "AS IS" WITH NO REPRESENTATIONS OR WARRANTIES.**

f. Franchise Transaction. Seller acknowledges and agrees that the rights to operate the Restaurants as El Pollo Loco Restaurants using the Proprietary Marks and the System (as those terms are defined in the New Franchise Agreements) will only accrue to Buyer as a result of its execution of the New Franchise Agreements with Seller. Accordingly, the parties agree that their respective execution of the New Franchise

Agreements is a condition precedent to the Closing.

## **SECTION 10. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER.**

Except as set forth in the Disclosure Schedules attached hereto (the "Disclosure Schedules"), Seller represents, warrants and covenants the following:

a. Organization. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

b. Authority. Seller is duly and properly authorized to enter into this Agreement and consummate the transactions contemplated hereby. Seller has duly authorized the execution, delivery and performance of this Agreement by its authorized representative.

c. Good Title to Assets. Seller has good title to or the right to use pursuant to written agreements all of the Assets. Each Restaurant contains all equipment, furniture, fixtures, improvements and tangible personal property generally necessary to operate such Restaurant in accordance with Seller's historical practices, subject to then current inventory on hand at each Restaurant.

d. Contractual Liabilities. Except for the real estate leases for each of the Restaurants to be retained by Seller, all contracts relating to the Restaurants were executed in the normal course of business and are terminable by Seller without material liability within thirty (30) days or less with prior written notice, and there are no other, undisclosed oral or written material leases, contracts, commitments or agreements which are necessary to operate the Restaurants in accordance with Seller's historical practices to which Seller is a party or by which Seller is bound.

e. Eminent Domain; Condemnation. Seller has neither received written notice from any governmental authority that, nor has knowledge of, any pending eminent domain proceedings for the condemnation of the Restaurants' facilities, which would materially and adversely impact the Restaurants.

f. Claims. Except as provided in Schedule 10.f of the Disclosure Schedules, there is no claim, suit, arbitration, action or proceeding now pending, or, to Seller's knowledge, threatened in writing, at law or in equity, or before any court, arbitrator, administrative or regulatory body, quasi-judicial agency or any governmental agency relating directly to the Restaurants to which Seller is a party.

g. Employees. Seller is not a party to any written employment contracts or collective bargaining agreements with respect to the Restaurants for which Buyer will be liable.

h. Taxes. Seller has timely filed (or will timely file after giving effect to any applicable extensions) all federal, state, local and other tax returns, reports, declarations and applications related to taxes required to be filed by Seller related directly to the Restaurants for all periods up to and including the Closing.

i. Environmental Matters. To its knowledge, Seller is in compliance with all applicable environmental laws, rules or regulations related directly to the Restaurants, and it has not received any written communication alleging that Seller is in violation of, or has any liability under, any applicable environmental laws, rules or regulations.

j. Access to Restaurants and Pre-Closing Walk Through; Operating Accounts. Prior to Closing, Seller shall permit Buyer reasonable access to the Restaurants, including a complete pre-Closing walk-through inspection of each Restaurant and any and all inventory, furniture, equipment, fixtures, and other tangible personal property to be purchased under this Agreement. Buyer may also conduct a pre-Closing inspection of the Operating Accounts.

k. Operation in the Ordinary Course. Seller shall continue to operate the Restaurants in the ordinary course from and after the Effective Date and continuing through the Closing Date, and shall not undertake any sale, transfer or other disposition of the Assets outside of the ordinary course without express written consent from Buyer.

Except for the representations and warranties contained in this Section, neither Seller nor any owner, officer, agent or other person on behalf of or related to Seller makes any other express or implied representation or warranty with respect to this Agreement, and Seller disclaims any other representations or warranties, whether made by Seller any affiliate of Seller or any of their respective owners, officers, directors, employees, agents or representatives not expressly stated herein.

#### **SECTION 11. CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE.**

The obligations of Seller under this Agreement are subject to the fulfilment of each of the following conditions (any of which may be waived by Seller in whole or in part) prior to or at the Closing:

a. Buyer's Delivery of Closing Payment, Sublease Agreements, New Franchise Agreements and Development Agreement. At the Closing, Buyer shall have delivered or caused to be delivered to Seller the Closing Payment, Sublease Agreements, New Franchise Agreements and the Development Agreement, and such other documents as Seller may reasonably request for the purpose of (i) evidencing the accuracy of any representation or warranty of Buyer; (ii) evidencing the performance by Buyer of, or the compliance by Buyer with, any covenant or obligation required to be performed or complied with by Buyer; or (iii) evidencing the satisfaction of any condition referred to in this Section 11.

b. Representations, Warranties, and Covenants True. The representations, warranties and covenants made by Buyer herein shall be true and correct in all material respects at the Closing Date, except as affected by the transactions contemplated hereby.

#### **SECTION 12. CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE.**

The obligations of Buyer under this Agreement are subject to the fulfilment of each of the following conditions (any of which may be waived by Buyer in whole or in part) prior to or

at the Closing:

a. Seller's Delivery of Bill of Sale, Sublease Agreements, New Franchise Agreements and Development Agreement. At the Closing, Seller shall have delivered or caused to be delivered to Buyer the Bill of Sale, Sublease Agreements, New Franchise Agreements and the Development Agreement, and such other documents as Buyer may reasonably request for the purpose of (i) evidencing the accuracy of any representation or warranty of Seller; (ii) evidencing the performance by Seller of, or the compliance by Seller with, any covenant or obligation required to be performed or complied with by Seller; or (iii) evidencing the satisfaction of any condition referred to in this Section 12.

b. Representations, Warranties, and Covenants True. The representations, warranties and covenants made by Seller herein shall be true and correct in all material respects at the Closing Date.

c. Delivery of Keys and Security Codes. Seller will deliver all keys, safe combinations, passwords, original documents and other items related to the Restaurants and Assets so that Buyer may operate or have access to such Assets in a manner consistent with the operations of the Restaurants prior to Closing.

d. Assignment of all Telephone Numbers. Seller will assign its rights in the telephone numbers and listings for the Restaurants and cooperate with Buyer to authorize the transfer of all telephone numbers, directory listings and other related actions necessary to accomplish the transfer.

e. Utilities. Seller will cooperate with Buyer to transfer all of the utilities at the Closing, or as soon as possible after Closing, and Buyer will be responsible for all amounts incurred after the Closing.

f. **[IF APPLICABLE]** Compliance with Existing Development Agreement and Existing Franchise Agreements. Buyer shall be in full compliance with the terms and conditions of the Existing Development Agreements and Existing Franchise Agreements.

### **SECTION 13. INDEMNIFICATION.**

a. Seller's Indemnification. Seller shall indemnify, defend and hold Buyer, its owners and their respective affiliates, owners and employees harmless against and in respect of any and all damage, expense, liability, loss or deficiency (including, without limitation reasonable attorneys' fees (internal and external) and other costs and expenses (internal and external) incident to any suit, action or proceeding) resulting from (i) any nonfulfillment of or noncompliance with any provision of this Agreement, (ii) any misrepresentation in or omission from this Agreement or any exhibit or other writing furnished to Buyer hereunder; and (iii) any and all liability arising from and after the Closing Date in connection with Seller's development and operation of the Restaurants prior to the Closing Date. Notwithstanding anything in this Agreement to the contrary, Seller's obligation to make any payment pursuant to this Section shall arise only if the aggregate amount of all losses subject to indemnity hereunder that are suffered or incurred by Buyer exceeds Twenty Five Thousand Dollars (\$25,000.00), in which case

Seller shall only pay to Buyer the amount of such losses exceeding such Twenty Five Thousand Dollars (\$25,000.00) limit up to an aggregated cap of Seventy Five Thousand Dollars (\$75,000.00) for any indemnification matter covered by this Section and Agreement.

b. Buyer's Indemnification. Buyer shall indemnify, defend and hold Seller and its respective affiliates, owners and employees harmless against and in respect of any and all damage, expense, liability, loss or deficiency (including, without limitation reasonable attorneys' fees (internal and external) and other costs and expenses (internal and external) incident to any suit, action or proceeding) resulting from (i) any nonfulfillment of or noncompliance with any provision of this Agreement, (ii) any misrepresentation in or omission from this Agreement or any exhibit or other writing furnished to Seller hereunder; and (iii) any and all liability arising from and after the Closing Date in connection with Buyer's operation of the Restaurants as of the Closing Date.

c. Exclusive Remedy. From and after the Closing Date, none of the parties hereto shall be liable or responsible in any manner whatsoever to the other parties hereto, whether for indemnification or otherwise, except for indemnity as expressly provided in this Section 13, which provides the exclusive remedy and cause of action of the parties hereto with respect to a breach of the representations and warranties set forth in this Agreement. Each of the parties hereby waives, releases and agrees not to make any claim or bring any contribution, cost recovery or other action against the other parties or any of their respective successors or assigns or any controlling person or other affiliate of the other parties, under common law or any federal, state or local law or regulation now existing or hereafter enacted which seeks to allocate liabilities between Buyer and Seller with respect to a breach of the representations and warranties set forth in this Agreement in a different manner than as expressly set forth in this Agreement. Notwithstanding the foregoing, nothing contained in this Agreement shall affect the parties' respective rights and obligations under the Sublease Agreements, New Franchise Agreements, the Development Agreement and any other agreement between the parties. The obligations of Seller and Buyer as set forth in this Section shall expressly survive Closing.

#### **SECTION 14. TERMINATION.**

Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated by written notice of termination at any time before the Closing Date only as follows:

- (a) by mutual written consent of Buyer and Seller;
- (b) by Buyer or Seller if the Closing shall not have occurred by the Closing Date unless otherwise extended pursuant to this Agreement; provided, however, that this right to terminate this Agreement shall not be available to any party whose failure to perform any obligation under this Agreement has been the cause of, or resulted in, the failure to close on or before the Closing Date; or
- (c) by either Buyer or Seller if the other party is in material breach of this Agreement; provided, however, that the non-breaching party (the "Non-Breaching Party") has given written notice of such breach to the other party (the "Breaching Party") and the Breaching Party has failed to cure the breach within ten (10) business days from the date the notice was mailed.

In the event of termination of this Agreement and abandonment of the transactions contemplated hereby pursuant to this Section 14, the parties acknowledge and agree that neither party shall have any liability nor further obligation to any other party, except as provided in Section 13 of this Agreement regarding indemnification and Section 13.i. regarding confidentiality, or as otherwise provided for in the Sublease Agreements, New Franchise Agreements and Development Agreement.

## **SECTION 15. GENERAL PROVISIONS.**

a. Expenses and Brokerage Fees. Except as herein specifically provided to the contrary, each party shall bear its own expenses incurred in connection herewith, and neither party shall be liable to the other for any such expenses, whether or not Closing takes place. Each party covenants that it has not employed or used any broker, finder, or agent in connection with this Agreement, whereby the other party is or will be obligated to pay any broker's commission for bringing the parties together. Seller will be responsible for the payment of any sales, use, income, transfer, documentary or other tax incurred as a result of the consummation of the sale of the Assets. Buyer will bear the costs associated with obtaining any licenses or permits required to operate the Restaurants and its due diligence activities relating to the contemplated transaction (including any costs relating to the conduct of environmental searches or investigations, surveys and any leasehold title insurance).

b. Notices. All notices under this Agreement shall be in writing and given by expedited delivery service (with a courtesy copy via email) addressed to the parties at the addresses and email addresses referred to in the signature pages, or to such other addresses of which either party may designate by notice to the other party. Notices will be deemed given one (1) business day after being sent.

c. Entire Agreement. This Agreement and the documents referenced herein set forth the entire understanding of the parties and supersedes any and all prior agreements, memoranda, arrangements and understandings relating to the subject matter hereof. No representation, warranty, promise, inducement or statement of intention has been made by any party which is not contained in this Agreement, and no party shall be bound by, or be liable for, any alleged representation, promise, inducement or statement of intention not contained herein.

d. Law Governing; Dispute Resolution. This Agreement shall be construed in accordance with and governed by the internal laws, and not the law of conflicts, of the State of California. Any and all disputes arising from this Agreement shall be submitted to the state or federal courts located in Orange County, California; except that (i) either party may seek injunctive or other extraordinary relief in any court of competent jurisdiction, and (ii) prior to bringing suit, Buyer and Seller agree to (x) first informally negotiate any disputes arising under this Agreement within 10 days of written notice, and (y) if unable to resolve the dispute by informal negotiations, to mediate the dispute before an agreed mediator in Orange County, California, with any costs of the mediator to be equally split between Buyer and Seller. Notwithstanding the foregoing, neither Buyer nor Seller will be required to mediate an action for injunctive relief related to a breach related

to confidential information or infringement of any trademarks, and such action for injunctive relief may be brought in any court of competent jurisdiction.

e. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

f. Severability. If any provision of this Agreement or the application thereof to any person, entity or circumstance shall for any reason or to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected thereby, but, rather, shall be enforced to the extent consistent with the intent of the parties hereto and permitted by law. Furthermore, in lieu of such an illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid or enforceable.

g. Headings. The section headings in this Agreement are for reference purposes only and shall not affect the interpretation of this Agreement.

h. Assignment. Seller may assign its rights hereunder to any affiliate or third party reasonably capable of performing as the "Seller" hereunder. Buyer shall not sell, assign, delete, or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Seller.

i. Confidentiality. Except as required by applicable law, Buyer (a) shall keep any and all Confidential Information of Seller strictly confidential, (b) shall not disclose or use any Confidential Information of Seller to the detriment of Seller, and (c) shall not disclose or use any Confidential Information for the benefit of any other person or for any purpose or in connection with any business, transaction, or matter other than as permitted under the New Franchise Agreements. For the purposes of this Agreement, "Confidential Information" means (i) this Agreement, (ii) any exhibit, schedule or other document to be provided by Seller at Closing, and (iii) the following items, whether in writing, electronically, orally or otherwise, relating to Seller, the Restaurants or the El Pollo Loco franchise system: trade secrets, proprietary information, business plans, marketing plans, computer data and programs, methodologies, operations manuals, reports, records, financial information, sales information, capital expenditure information, compensation and benefit information, cost and pricing information, potential industry partners and contacts with such partners, customer and potential customer lists and contact information, supplier lists and contact information, vendor lists and contact information, and the names and backgrounds of key personnel and personnel training techniques and materials, however documented. Notwithstanding the foregoing, "Confidential Information" shall not include any information that (i) is or becomes publicly available other than as a result of the acts of Buyer in violation of this Agreement or (ii) is or becomes available to Buyer from a source that, to the knowledge of Buyer after reasonable inquiry, is not bound by a confidentiality agreement with Seller prohibiting such disclosure. After Closing, Seller may disclose this Agreement and information regarding the transaction contemplated by this Agreement as they deem necessary, including by way of public announcement or as needed for franchise sales purposes.

j. Publicity. All notices to third parties and all other publicity concerning the transaction contemplated in this Agreement must be approved by Seller in writing, which approval shall not be unreasonably withheld or unduly conditioned or delayed.

k. Further Assurances. The Buyer and Seller hereto agree to execute any and all such further agreements, instruments or documents, and to take any and all such further action, as may be necessary or desirable to carry into effect the purpose and intent of this Agreement.

l. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall together be deemed to constitute one final agreement, and each such counterpart shall be deemed to be an original, binding the party who subscribed it. A signature transmitted via facsimile or electronic mail/PDF (or equivalent), electronic signature (such as DocuSign, etc. or equivalent), shall be deemed an original signature that is effective and binding for all purposes.

m. Amendments; Waiver. This Agreement cannot be changed or terminated orally and no waiver of compliance with any provision or condition hereof and no consent provided for herein shall be effective unless evidenced by an instrument in writing duly executed by the party hereto sought to be charged with such waiver or consent. No waiver of any term or provision hereof shall be construed as a further or continuing waiver of such term or provision or any other term or provision.

**SECTION 16. SIGNATURES.**

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the Effective Date set forth above.

<p><b><u>SELLER</u></b> <b>El Pollo Loco, Inc.,</b> <b>a Delaware corporation</b></p> <p>By: _____ Title: _____ Print Name: _____</p>	<p><b><u>SELLER'S ADDRESS FOR NOTICES</u></b></p> <p>El Pollo Loco, Inc. 3535 Harbor Blvd., Suite 100 Costa Mesa, California 92626 Attn: CLO re. EPL # _____</p> <p>Email Address: _____ with a copy to _____</p>
<p><b><u>BUYER</u></b></p> <p>_____, a _____</p> <p>By: _____ Title: _____ Print Name: _____</p>	<p><b><u>BUYER'S ADDRESS FOR NOTICES</u></b></p> <p>_____ _____ _____ Attn: _____</p> <p>Email Address: _____</p>
<p><b><u>BUYER'S OWNERS</u></b> Buyer Owner: _____</p> <p>By: _____ Title: _____ Print Name: _____</p> <p>Buyer Owner: _____</p> <p>By: _____ Title: _____ Print Name: _____</p>	<p><b><u>BUYER'S OWNERS ADDRESS FOR NOTICES</u></b></p> <p>_____ _____ _____ Attn: _____</p> <p>Email Address: _____</p> <p>_____ _____ _____ Attn: _____</p> <p>Email Address: _____</p>

## **EXHIBIT A TO EL POLLO LOCO® PURCHASE AGREEMENT LIST OF ASSETS / EXCLUDED ASSETS**

The following is a list of the Assets which are to be sold, assigned, and transferred to Buyer pursuant to the terms and conditions set forth in the Asset Purchase Agreement:

1. All leasehold improvements; contracts/leases for restaurant maintenance/personal property; furniture; fixtures; restaurant equipment and POS equipment; computers, printers and software and related licenses; transferable business licenses; food and beverage inventory located at the Restaurants; supplies located at the Restaurants; and in-store petty cash located on the premises of the Restaurants on the Closing Date, as set forth on the Schedules A-1 to A-2 attached to this **Exhibit A**.

The following is a list of the Excluded Assets which are not to be sold, assigned, and transferred to Buyer pursuant to the terms and conditions set forth in the Asset Purchase Agreement:

1. Any assets of Seller that do not relate to and are not used or held for direct use in connection with the Restaurants, unless otherwise specifically described above as Assets to be sold, assigned and transferred to the Buyer;
2. The real estate leases for the premises of each of the Restaurants;
3. Any existing internal license agreements or other types of operating agreements applicable to the Restaurants, if any;
4. Any tangible real or personal property, including business records, used in support of the Restaurants that is not located at the Restaurants, including computers, printers and cell phones for off-site employees that are not Restaurant employees;
5. Insurance policies and proceeds therefrom;
6. All claims against third parties relating to periods prior to the Closing Date, including rebates or refunds;
7. The certificate of incorporation, minute books, tax returns, books of account or other records having to do with the organization of Seller;
8. The rights which will accrue to Seller under this Agreement;
9. Any bank accounts or lock boxes of Seller;
10. Any cash or cash equivalents held by Seller (other than cash on hand in the Restaurants on the Closing Date) of up to \$2,000;
11. The rights of Seller under any contract or agreement, other than the Assumed Liabilities;
12. Incident logs or other similar records relating to the operations of the Restaurants; and
13. Any other assets on which the parties mutually agree in writing on or before Closing.

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**SCHEDULE A-1 TO EL POLLO LOCO® PURCHASE AGREEMENT  
# \_\_\_\_\_ RESTAURANT**

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**SCHEDULE A-2 TO EL POLLO LOCO® PURCHASE AGREEMENT  
# \_\_\_\_\_ RESTAURANT**

**EXHIBIT B TO EL POLLO LOCO® PURCHASE AGREEMENT  
BILL OF SALE AND ASSIGNMENT**

THE STATE OF TEXAS                   §  
  §           KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF DENTON                 §

THIS BILL OF SALE AND ASSIGNMENT (this "Bill of Sale") is delivered on \_\_\_\_\_, 20\_\_\_\_, by El Pollo Loco, Inc., a California corporation with its principal business address at 3535 Harbor Blvd., Suite 100, Costa Mesa, California 92626 (the "Seller"), to \_\_\_\_\_ with its principal business address at \_\_\_\_\_ ("Buyer").

WHEREAS, Seller and Buyer have entered into that certain Asset Purchase Agreement dated effective as of \_\_\_\_\_, 20\_\_\_\_ (the "Purchase Agreement"); and

WHEREAS, pursuant to the terms and conditions of the Purchase Agreement, Seller agreed to sell and transfer to Buyer and Buyer agreed to purchase from Seller certain assets of Seller relating to Seller's operation of the El Pollo Loco restaurants located at  
(i) \_\_\_\_\_; and  
(ii) \_\_\_\_\_ (collectively, the "Restaurants").

**NOW, THEREFORE**, in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as contemplated in Section 1 of the Purchase Agreement, Seller sells, transfers, assigns, conveys and delivers to Buyer, its successors and assigns, all of Seller's right, title and interest in and to the Acquired Assets described in Section 2 below, all pursuant to the Purchase Agreement.

**Definitions.** Capitalized terms that are used herein without definition shall have the same meanings herein as specified in the Purchase Agreement.

**Acquired Assets.** All of Seller's right, title and interest in and to the Assets, but specifically excluding the Excluded Assets, (collectively, the "Acquired Assets").

**TO HAVE AND TO HOLD** said foregoing properties unto Buyer, its successors and assigns forever.

This Bill of Sale shall be subject to the terms and conditions set forth in the Purchase Agreement and nothing contained in this Bill of Sale shall be construed to limit, terminate or expand the representations, warranties and covenants set forth in the Purchase Agreement.

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

And for consideration aforesaid, Seller hereby does covenant with Buyer, and its successors and assigns, that Seller and its successors and assigns will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, transfers, assignments and conveyances, powers of attorney and assurances for the better selling, transferring, assigning, assuring, conveying and confirming unto Buyer, its successors and assigns, all and singular, the Acquired Assets, as Buyer and its successors and assigns shall reasonably request.

IN WITNESS WHEREOF, this Bill of Sale has been duly executed on behalf of Seller as an instrument under seal effective as of the date first mentioned above.

<p><b><u>SELLER</u></b> <b>El Pollo Loco, Inc.,</b> <b>a Delaware corporation</b></p> <p>By: _____ Title: _____ Print Name: _____</p>	<p><b><u>SELLER'S ADDRESS FOR NOTICES</u></b></p> <p>El Pollo Loco, Inc. 3535 Harbor Blvd., Suite 100 Costa Mesa, California 92626 Attn: CLO re. EPL # _____</p>
<p><b><u>BUYER</u></b></p> <p>_____</p> <p>By: _____ Title: _____ Print Name: _____</p>	<p><b><u>BUYER'S ADDRESS FOR NOTICES</u></b></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Attn: _____</p>

*A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness accuracy or validity of that document.*

STATE OF CALIFORNIA §

COUNTY OF ORANGE §

On \_\_\_\_\_ before me, \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
{Notary Seal}  
My Commission Expires: \_\_\_\_\_

*A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness accuracy or validity of that document.*

STATE OF CALIFORNIA §

COUNTY OF ORANGE §

On \_\_\_\_\_ before me, \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
{Notary Seal}  
My Commission Expires: \_\_\_\_\_

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**EXHIBIT C TO EL POLLO LOCO® PURCHASE AGREEMENT  
LIST OF ASSUMED LIABILITIES**

The following is a list of the Liabilities that are to be assumed by Buyer pursuant to the terms and conditions set forth in the Asset Purchase Agreement:

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**EXHIBIT D TO EL POLLO LOCO® PURCHASE AGREEMENT  
FORM OF NEW FRANCHISE AGREEMENT FOR NEW RESTAURANTS**

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**EXHIBIT E TO EL POLLO LOCO® PURCHASE AGREEMENT  
FORM OF SUBLEASE AGREEMENT**

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**EXHIBIT F TO EL POLLO LOCO® PURCHASE AGREEMENT  
FORM OF NEW FRANCHISE DEVELOPMENT AGREEMENT**

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**EXHIBIT G TO EL POLLO LOCO® PURCHASE AGREEMENT  
ALLOCATION OF PURCHASE PRICE**

Purchase price:

Equipment:

Leasehold Improvements:

Inventory:

Goodwill:

El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_  
El Pollo Loco Unit # \_\_\_\_\_ (formerly # \_\_\_\_\_) Location \_\_\_\_\_

**SCHEDULE 10(F) TO EL POLLO LOCO® PURCHASE AGREEMENT  
DISCLOSURE SCHEDULES**

## EXHIBIT E: SUBLEASE AGREEMENT



### EL POLLO LOCO® SUBLEASE AGREEMENT

Dated: \_\_\_\_\_

<b>Premises:</b>
<b>Sublessee:</b>

(Control No. 032724)

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## EL POLLO LOCO® SUBLEASE AGREEMENT

This Sublease Agreement ("**Sublease**") dated for identification purposes only as of \_\_\_\_\_, is made and entered into by and between **El Pollo Loco, Inc.**, a Delaware corporation ("**Sublessor**") and \_\_\_\_\_, a \_\_\_\_\_ ("**Sublessee**").

### RECITALS:

A. On \_\_\_\_\_, 20\_\_\_\_, Sublessor entered into that certain lease (as amended, the "**Master Lease**"), pursuant to which Sublessor leased from \_\_\_\_\_ ("**Master Lessor**"), that certain real property together with all easement(s) and common area rights, if any, and the buildings, structures and other improvements located thereon, situated in the City of \_\_\_\_\_ County of \_\_\_\_\_, State of \_\_\_\_\_, commonly known as \_\_\_\_\_, and more particularly described in the Master Lease, said description being incorporated herein by reference (the "**Premises**"). Sublessee hereby acknowledges receipt of a copy of the Master Lease and all amendment(s) and rider(s) thereof, if any.

B. Sublessee wishes to enter into this Sublease for the purpose of subleasing from the Sublessor the Premises pursuant to the terms and conditions hereof.

**NOW, THEREFORE**, in consideration of the mutual promises of the parties hereto, and other valuable consideration, the receipt of which is hereby acknowledged, Sublessor does hereby sublease to Sublessee and Sublessee does hereby sublease from Sublessor the Premises on the following terms and conditions:

### AGREEMENT:

#### 1. RECITALS.

1.1. The recitals set forth above are an integral part of this Sublease.

#### 2. TERM.

2.1. The term of this Sublease shall commence on \_\_\_\_\_, 20\_\_\_\_ ("**Commencement Date**") and shall expire on \_\_\_\_\_, 20\_\_\_\_ unless sooner terminated in accordance with the provisions hereunder ("**Termination Date**").

2.2. Provided Sublessee shall not then be in default hereunder, Sublessee shall have the option to extend the term of this Sublease for \_\_\_\_ ( ) additional periods of \_\_\_\_ ( ) years each upon the terms and conditions herein contained, except for Minimum Monthly Rent (which shall be adjusted as provided in Section 3.a. below), upon delivery by Sublessee to Sublessor of written notice of such election at least \_\_\_\_ ( ) days prior to the expiration of the initial (or extended) term hereof and provided Sublessee complies

with all requirements of the Master Lease, including, without limitation, sufficient prior notice to Sublessor to enable Sublessor to timely extend the term of the Master Lease.

**2.3.** Sublessee shall, on the last day of the Sublease term, or any extension thereof, or upon any earlier termination of such term, surrender to Sublessor the building and other permanent improvements on the Premises in good order, condition and state of repair, reasonable wear and tear excepted, and Sublessee shall remove all personal property and all of its fixtures, signs and equipment, except for any built-in fixtures and equipment which Sublessor designates in writing as items to remain at the Premises. Sublessee will be responsible for any damage to the Premises caused by such removal.

**2.4.** At the expiration of the Sublease, or earlier termination for any reason, Sublessee shall immediately surrender possession of the Premises to Sublessor. Should Sublessee fail to do so, it consents to pay any and all damages which Sublessor may suffer, including attorneys' fees, costs and expenses incurred by Sublessor to obtain possession of the Premises. Sublessee expressly waives any notice to vacate at the expiration of the Sublease. Should Sublessor allow or permit Sublessee to remain in the Premises after the expiration or termination of this Sublease, this shall not be construed as an extension of this Sublease, and such holding over shall be deemed to have created a month-to-month tenancy, subject to all the terms and conditions of this Sublease, except that Sublessee shall pay rent to Sublessor at a rate equal to three hundred percent (300%) of the highest total monthly rental (Minimum Monthly Rent, Percentage Rent and Additional Rent), paid during the five (5) year period immediately preceding the expiration of the Sublease, or three hundred percent (300%) of the amount Sublessor is obligated to pay Master Lessor during such hold over, whichever is greater.

**3. MINIMUM MONTHLY RENT.**

**3.1.** Effective on the Commencement Date, Sublessee shall pay to Sublessor, in advance, without prior notice or demand or offset, as a minimal rental for the Premises, the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month, which sum shall be paid in advance by cash or check, to be received by Sublessor on or before the tenth day of each month during the term of this Sublease. ("**Minimum Monthly Rent**"). The Minimum Monthly Rent shall be adjusted as follows:

<u>Date</u>	<u>Minimum Monthly Rent</u>
_____, 20__ to _____, 20__	\$ _____
_____, 20__ to _____, 20__	\$ _____
_____, 20__ to _____, 20__	\$ _____
_____, 20__ to _____, 20__	\$ _____

If Sublessee elects to exercise the renewal option period(s), the Minimum Monthly Rent will be as follows:

<u>Date</u>	<u>Minimum Monthly Rent</u>
_____, 2____ to _____, 2____	\$ _____
_____, 2____ to _____, 2____	\$ _____
_____, 2____ to _____, 2____	\$ _____
_____, 2____ to _____, 2____	\$ _____

**3.2.** If Sublessee fails to deliver any payment of Minimum Monthly Rent to Sublessor within five (5) days after the date such payment is due, Sublessee shall pay Sublessor interest from the date such sum is due until such sum is actually paid at the lesser of the rate of fifteen percent (15%) per year or the maximum interest rate allowed by law.

**3.3.** For each month of the term of this Sublease, Sublessee is required to make all payments of Minimum Monthly Rent, Percentage Rent, Additional Rent and other payments due hereunder by cash or check, to be received by the Sublessor on or before the tenth day of each month during the term of this Sublease. If the Commencement Date is a date other than the first day of the month and/or if the Termination Date is a date other than the last day of the month, then any amounts due hereunder shall be prorated accordingly.

**4. PERCENTAGE RENT.**

**4.1.** In addition to the Minimum Monthly Rent, Sublessee shall, throughout the term of this Sublease and any extension thereof, pay to Sublessor Percentage Rent ("Percentage Rent") on a monthly basis in an amount by which \_\_\_\_\_ percent (\_\_\_\_%) of the gross sales, as the term "Gross Sales" is defined in the Master Lease, from all business conducted on the Premises by or under Sublessee exceeds the aggregate amount of Minimum Monthly Rent paid by Sublessee during such period. [Adjust percentage rent language, as appropriate.] Should the Master Lease fail to define Gross Sales, then the term "Gross Sales" as used in this Sublease shall mean the total revenues derived by Sublessee in and from all business conducted in or from the Premises, from all sales of food, beverages, goods, wares, merchandise and all services, rights, and anything else of value, made in, upon, or from the Premises by Sublessee, whether for cash, check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including, without limitation, all revenues derived from delivery, curbside pickup orders, catering, and special event sales, such sales and services where the orders therefor originate at and are accepted by Sublessee into the Premises but delivery or performance thereof is made from or at any other place, or other similar orders are received or billed at or from the Premises, and any sums or receipts derived from the sale of meals to employees of the Premises. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

**4.2.** For each month of the term of this Sublease, Sublessee is required to send to Sublessor a Monthly Gross Sales Statement in the form specified by Sublessor.

Sublessee shall accompany each such Monthly Gross Sales Statement with a payment to Sublessor of the Percentage Rent due for said month, if any. Within twenty (20) days after the end of each Lease Year, as defined in the Master Lease, or if a different annual reporting period is specified in the Master Lease, within twenty (20) days after the end of such specified annual reporting period, Sublessee shall furnish to Sublessor a statement certified to be correct by Sublessee showing total annual gross sales, as "Gross Sales", as defined in the Master Lease, for the preceding Lease Year (or other annual reporting period specified in the Master Lease). If the aggregate amount of Percentage Rent installments paid by Sublessee to Sublessor for the preceding Lease Year (or other annual reporting period specified in the Master Lease) is less than the total amount of Percentage Rent due pursuant to Section 4.a., Sublessee shall pay to Sublessor the difference with the delivery of such annual statement. If the aggregate amount of Percentage Rent installments results in a credit due Sublessee on account of the aggregate amount of Percentage Rent installments paid for the previous Lease Year (or other annual reporting period specified in the Master Lease), then Sublessor shall credit Sublessee for said amount, such credit to be applied to the next Percentage Rent due hereunder and continuing until the entire amount of such credit has been applied.

**4.3.** If Sublessee fails to deliver any payment of Percentage Rent to Sublessor within five (5) days after the date such payment is due, Sublessee shall pay Sublessor interest from the date such sum is due until such sum is actually paid, at the lesser rate of fifteen percent (15%) per year, or the maximum interest rate allowed by law.

**4.4.** Sublessee shall deliver to Sublessor, simultaneously with Sublessee's delivery to any taxing agency, duplicate copies of all returns, work sheets, forms and documents ("Sales Tax Information") submitted to any such taxing agency for the purpose of reporting Sublessee sales tax obligation. Sublessee hereby grants to Sublessor permission to provide Master Lessor with copies of all, or any part, of said sales tax information.

**4.5.** Sublessor and Master Lessor shall have the same right of inspection of Sublessee's records of gross sales as Master Lessor has of Sublessor's records pursuant to the Master Lease, including the same determination as to which party is to pay for the cost of such inspection.

## **5. TAXES.**

**5.1.** Sublessee shall pay as Additional Rent, as set forth below, all the real property taxes and all the general and special assessments levied against the Premises which Sublessor is required to pay pursuant to the terms of the Master Lease.

**5.2.** If, at any time, during the term or any option period of the Sublease, under the laws of the state in which the Premises are located, or of any political subdivision thereof in which the Premises are situated, a tax or excise on rents or other such tax, however described, is levied or assessed against Sublessor (at law or under the Master Lease) on account of the Minimum Monthly Rent or the Percentage Rent, or any other

rentals or amounts accruing under this Sublease, as a substitution in whole or in part for real property taxes on the Premises, or any part thereof, or in addition thereto, such tax or excise or rents on rent shall, to the extent of the amount thereof which is assessed or imposed upon Sublessor and which was so assessed or imposed as a direct result of rentals accruing under this Sublease, be deemed to be a real property tax or assessment levied or assessed against the Premises for the purposes of this Section.

**5.3.** Sublessee shall pay as additional monthly rent, an amount estimated by Sublessor to be the monthly sum accruing for real property taxes payable by Sublessee hereunder. Sublessor may adjust said monthly estimated sum from time to time to an amount which, in Sublessor's sole reasonable judgment, will be sufficient to cover Sublessee's tax obligation for the prospective tax year. Within thirty (30) days following the end of Sublessor's fiscal year, or, at Sublessor's option, prior to the final date during each tax year on which taxes can be paid without penalties or interest, Sublessor shall furnish Sublessee with a statement covering the preceding year, setting forth the total real property tax assessments payable by Sublessor for such year and the payments made therefore by Sublessee for the corresponding period. If the sums payable by Sublessor for real property taxes exceed the payments made therefore by Sublessee, Sublessee shall pay Sublessor the amount of such deficiency within five (5) days after delivery of such statement pursuant to Article 21. If said payments by Sublessee exceed the sums payable by Sublessor for real property taxes, Sublessee shall be entitled to a credit in the amount of such overpayment to be applied to payments next thereafter to become due Sublessor for real property taxes as set forth in this Section.

**5.4.** If Sublessee fails to deliver any payment of taxes to Sublessor within five (5) days after such payment is due, such sums will be deemed to be Additional Rent, immediately due and payable, for which Sublessor can pursue any and all of its legal remedies. Sublessee shall pay Sublessor interest from the due date until such sum is paid at the lesser rate of fifteen percent (15%) per year or the maximum interest rate allowed by law.

## **6. INSURANCE; INDEMNITY.**

**6.1.** Beginning on the Commencement Date and continuing thereafter for the full term, and any extensions thereof, Sublessee shall maintain in full force and effect, at Sublessee's sole cost and expense, the various insurance coverage's required to be carried by Sublessee as franchisee under any Franchise Agreement with the Sublessor for the Premises that shall provide the same protection, and be in the same amounts as that required under Section 9.0 of any such Franchise Agreement; provided, however, that if the amount or types of insurance coverage's required pursuant to the terms of the Master Lease are greater, Sublessee shall obtain insurance in such greater amounts or types.

**6.2.** Sublessee shall also maintain in full force and effect, throughout the entire Sublease term and any extension thereof, fire and extended coverage insurance on all the furniture, fixtures, equipment, wares and other personal property located in or upon

the Premises. Said coverage shall be in an amount equivalent to the full replacement cost thereof but not less than the amount Sublessor, in its reasonable determination, deems necessary to protect its interest.

**6.3.** All insurance required to be carried by Sublessee hereunder shall be issued by responsible insurance companies, qualified to do business in the state in which the Premises are located, holding a "General Policy Holder's Rating" of A-12 or better, as set forth in the most current issue of Best's Key Rating Insurance Guide or issued by insurance companies deemed adequate by Sublessor in its reasonable discretion. All insurance coverage provided for hereunder shall be in amounts at least equal to those Sublessor deems adequate, in Sublessor's reasonable discretion and such amounts shall be subject to periodic increases based upon inflation, increased liability awards, recommendation of Sublessor's professional insurance advisers, and other relevant factors. The liability insurance obtained by Sublessee shall (i) be primary and non-contributing, and (ii) contain cross-liability endorsements. The amount and coverage of such insurance shall not limit Sublessee's liability or relieve Sublessee of any other obligation under this Sublease. Sublessor may also elect to obtain comprehensive public liability insurance in an amount and with coverage determined by Sublessor insuring Sublessor against liability arising out of ownership, operation, use or occupancy of the Premises. The policy obtained by Sublessor shall not be contributory and shall not provide primary insurance. Sublessee shall be liable for the payment of any deductible amount under Sublessee's insurance policies maintained pursuant to this Section. Sublessee shall not do or permit anything to be done which invalidates any such insurance policies. In the event that insurance, in the form or amounts described in this Section, ceases to be available at any time during the term hereof, Sublessor may require substitute coverage in available forms as Sublessor, in its reasonable determination, deems necessary to protect its interests.

**6.4.** Sublessee shall deliver to Sublessor a duplicate original of each policy provided for in this Section. Each such policy shall provide that the same shall not be canceled without at least thirty (30) days prior written notice to Sublessor and Master Lessor, and shall name Sublessor or Sublessor's designee, and Master Lessor, as additional insured thereunder. Each such policy shall also contain Lender's Loss Payable Endorsements (Forms 438BFU and 346BFU or equivalents) in favor of Sublessor or Sublessor's designee. In the event Sublessee fails or refuses to provide Sublessor with adequate proof that Sublessee has procured and is maintaining in full force insurance as required under this Sublease, Sublessor may, but shall not be required to, obtain such coverage for Sublessee, in which event Sublessee agrees to pay the required premiums or to reimburse Sublessor therefore. The amount of such premiums shall be set forth in a written invoice delivered to Sublessee. Sublessee shall reimburse Sublessor for the invoice amount within five (5) days after giving notice pursuant to Article 21. Interest on any such sums shall accrue from the date paid by Sublessor until paid by Sublessee at the lesser rate of fifteen percent (15%) per year, or the maximum rate allowable by law.

**6.5.** Sublessee, as a material part of the consideration to be rendered to Sublessor, hereby waives all claims against Sublessor, except for claims based on

Sublessor's intentional conduct, for damages to goods, wares and merchandise in, upon or about the Premises from any cause arising at any time, and Sublessee will hold Sublessor harmless from any loss, expense (including, without limitation, attorneys' fees and costs), damage or injury to any person, or to the goods, wares and merchandise of any person arising from the use of the Premises by or under Sublessee, or from the failure of Sublessee to maintain the Premises in the manner herein required. Sublessee shall give prompt notice to the appropriate insurer and to Sublessor in case of fire or significant damage in or upon the Premises. Additionally, Sublessee shall promptly provide Sublessor with copies of all filed claims and correspondence with any and all insurers regarding losses to the Premises of any nature whatsoever.

**6.6.** Sublessee shall indemnify, defend, protect and hold Sublessor and Master Lessor harmless from and against any and all liability, judgments, costs, damages, claims, demands and expenses, including, without limitation, attorneys' fees and costs, arising out of Sublessee's use of the Premises and/or Sublessee's breach or default under this Sublease or under the Master Lease.

## **7. COMMON AREA CHARGES.**

**7.1.** In the event that the Master Lease requires that the payment of certain common area charges and assessments, including, without limitation, real estate taxes and assessments, insurance premiums or maintenance and repair costs for the common areas or Merchants' Association fees or any other charges or fees, any such payments as may be required by the terms of the Master Lease to be paid to the Master Lessor shall be paid to the Sublessor by Sublessee at the time and in the manner provided for in the Master Lease as additional rental hereunder.

## **8. SUBROGATION.**

**8.1.** Sublessor and Sublessee hereby mutually waive their respective rights of recovery against each other from any loss insured by fire, extended coverage and other insurance policies existing for the benefit of the respective parties. Each party shall obtain any special endorsements, if required by their insurer, to evidence compliance with this waiver.

## **9. UTILITIES.**

**9.1.** Sublessee is required to open and maintain utility accounts in its name for, and to pay, prior to delinquency, all charges for water, gas, heat, lights, power, trash, telephone service and all other services supplied to the Premises during the term of this Sublease.

## **10. ALTERATIONS, ADDITIONS AND USE.**

**10.1.** The Premises shall be used solely for the operation of an El Pollo Loco<sup>®</sup> restaurant. Any improvements to the Premises shall be at the sole expense of Sublessee. Sublessee shall not make (i) any alterations or additions costing in the aggregate more

than twenty thousand dollars (\$20,000.00) within any consecutive twelve (12) month period, (ii) any structural alterations, roof penetrations or exterior alterations of any kind, or (iii) any alteration which requires Master Lessor's consent pursuant to the Master Lease, without first obtaining the written consent of Sublessor, as provided below, subject to any additional requirements for approval under the Master Lease. Sublessee shall give Sublessor at least thirty (30) days' notice of any alterations or additions so that Sublessor shall have the opportunity to post a notice of non-responsibility, as may be provided for by local law.

**a.** In the event Sublessee desires to make any modifications or improvements to the Premises or desires to undertake any act for which permits, approvals, or the equivalent thereof, are required by a governmental agency ("**Permits**"), Sublessee shall first obtain, at Sublessee's sole cost and expense, the necessary Permits from the appropriate governmental agency for any such modification, improvement, or undertaking, whether or not Sublessor's written approval must be obtained, and Sublessee shall deliver a copy of all Permits and plans to Sublessor.

**b.** Sublessee shall be solely responsible for obtaining all such Permits and shall be solely responsible and liable for Sublessee's failure to comply with any rules, laws, ordinances or other legal requirements pertaining to work performed at the Premises. Sublessee shall also be solely responsible for obtaining any construction plans, drawings and other documentation necessary to perform such alterations or additions. Sublessee expressly agrees that neither Sublessor nor Master Lessor shall bear any responsibility or liability resulting from Sublessee's failure to comply with any legal requirements applicable to its construction, and Sublessee shall deliver a copy of all Permits and plans to Sublessor.

**c.** Sublessor shall not grant its written approval of such alteration or addition until Sublessee provides documentation to Sublessor sufficient to establish, to the reasonable satisfaction of Sublessor and to Master Lessor, if required under the Master Lease, that Sublessee has the financial resources to complete such modification, improvement or undertaking.

**d.** Sublessor's review and approval of any materials provided by Sublessee pursuant to this Article does not constitute an admission that the proposed work complies with law or accepted standards in the trade.

**10.2.** Sublessee shall promptly pay, when due, all claims for work and materials furnished in connection with any remodeling or repair of the Premises or any personal property situated thereon or therein, and Sublessee shall not permit any liens or encumbrances, including liens for utilities, to attach to the Premises; and further, Sublessee hereby agrees to indemnify Master Lessor and Sublessor against loss therefrom. Sublessor may require Sublessee to provide Sublessor, at Sublessee's sole cost and expense, a lien and completion bond in an amount equal to any and all estimated costs to insure Sublessor against any liability for mechanic's and materialmen's liens and to ensure completion of the work or evidence that Sublessee has obtained bids from

licensed contractors and has deposited in banking institutions a sum equal to any and all estimated costs (including architect's and consultant's fees) of any repairs, improvements, additions or alterations to or upon the Premises. If Sublessee fails to keep all or any part of the Premises free from liens, then, in addition to any other rights and remedies available to Sublessor, Sublessor may take any action necessary to discharge such liens, including, but not limited to, payment to the claimant on whose behalf the lien was filed without investigation of the merits of claim. Sublessee shall indemnify Sublessor for, and hold Sublessor harmless from and against, all liabilities so incurred by Sublessor, without regard to any defense or offset that Sublessee may have had against the claimant. Any such sums so advanced shall be deemed Additional Rent and shall be immediately due and payable upon demand. Interest on any such sums shall accrue from date paid by Sublessor until paid by Sublessee at the lesser rate of fifteen percent (15%) per year or the maximum rate allowable by law.

**10.3.** Before commencement of any repair, remodeling, reconstruction, alteration or addition to the Premises, Sublessee or Sublessee's general contractor shall procure, maintain in force, and provide satisfactory evidence to Sublessor of, workers' compensation insurance and builder's risk insurance covering improvements in place and all material, labor and equipment at the Premises furnished under contract to Sublessee. Such insurance shall remain in force through completion of such activity.

**10.4.** Sublessee's alterations or additions shall be performed in a good and workmanlike manner and shall be expediently completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto.

**10.5.** Upon completion of any such alterations, Sublessee shall provide Sublessor, at no cost or expense to Sublessor, with "as built" plans, copies of all construction contracts and proof of payment for all labor and materials, along with lien releases from all contractors and material suppliers.

**10.6.** The Premises shall not be maintained as, nor shall they be allowed to become, a public or private nuisance.

**11. AS-IS CONDITION; MAINTENANCE AND REPAIR; HAZARDOUS SUBSTANCES.**

**11.1.** Sublessee acknowledges that it has inspected the Premises and all physical, financial, governmental and contractual matters relating to the Premises and the operation of Sublessee's business at the Premises and Sublessee accepts the Premises in its "AS IS" condition at the commencement hereof without any representations or warranties of Sublessor.

**11.2.** Sublessee shall, at Sublessee's own expense, perform the maintenance obligations and make any and all repairs or replacements: (i) which Sublessor reasonably believes are required to be made by Sublessor as Lessee under the Master Lease; (ii) which are required by any law now or hereafter affecting the Premises; or (iii) which are

required pursuant to the terms of any Franchise Agreement with the Sublessor for the Premises. If Sublessee fails to maintain and repair the Premises, Sublessor may, on twenty-four (24) hours prior notice, enter the Premises and perform such repair and maintenance on behalf of Sublessee. However, in case of an emergency, Sublessor shall have immediate rights to enter the Premises and to perform such repair. In either case, Sublessee shall reimburse Sublessor for all costs so incurred immediately upon demand. It is the intention of Sublessor and Sublessee, that at all times during the Sublease term and any extensions thereof, Sublessee shall maintain the Premises in an attractive, first-class and fully operative condition. Sublessor shall have no responsibility hereunder to repair, maintain or replace any portion of the Premises at any time. Sublessee waives the benefit of any present or future laws which might give Sublessee the right to repair the Premises at Sublessor's expense or to terminate the Sublease due to the condition of the Premises. Sublessee shall not commit any waste.

**11.3.** Sublessee shall comply with all applicable laws, rules, regulations, ordinances and covenants relating to industrial hygiene and the use, generation, storage, maintenance, transportation and removal of any hazardous substance or hazardous material, including, without limitation, any hazardous material or hazardous substances (as these terms are defined in any applicable federal, state or local statute, code, regulation, ordinance or other law), and any product, substance, chemical, material or waste whose presence, nature, quantity and/or intensity of existence, use, generation, storage, maintenance, transportation or removal may potentially be injurious to public health, safety or welfare, the environment, or the Premises, or which is regulated or monitored by any governmental authority, or which is the basis for potential liability (collectively, "Hazardous Materials"). Other than incidental uses in connection with Sublessee's permitted use of the Premises, Sublessee shall not use, generate, store or maintain any Hazardous Materials at the Premises.

**11.4.** Upon termination of this Sublease, Sublessee shall cause any and all Hazardous Materials stored on or about the Premises and any contamination caused by Sublessee to be completely removed prior to Sublessee's vacating the Premises at Sublessee's expense and in compliance with all applicable laws. Sublessee shall be liable for any and all costs and expenses incurred by Sublessor on Sublessee's behalf should Sublessee fail to fulfill its obligations described in this paragraph. Sublessee shall indemnify, defend and hold Sublessor, its agents, employees, lenders and the Master Lessor harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Materials brought onto the Premises by or for Sublessee, or any third party (provided, however, that Sublessee shall have no liability under this Sublease with respect to underground migration of any Hazardous Materials under the Premises from areas outside the Premises). Sublessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Sublessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Sublease. No termination, cancellation or release agreement entered into by Sublessor and Sublessee shall release Sublessee from its obligations under this

Sublease with respect to Hazardous Materials, unless specifically so agreed by Sublessor in writing at the time of such agreement.

## **12. CONDEMNATION.**

**12.1.** In the event title or possession to the whole or part of the Premises shall be taken by eminent domain, and the Master Lease shall terminate by reason thereof, this Sublease shall likewise terminate, and all payments required hereunder shall be prorated to the date of such termination. In the event that the Master Lease is not terminated, then this Sublease shall continue and the Minimum Monthly Rent shall be reduced in the same amount as the Minimum Monthly Rent under the Master Lease. Any award to the Sublessee shall belong to and be paid to Sublessor, including any amount attributable to any leasehold interest, except that Sublessee shall receive from the award a sum, if any, allocated for damage, destruction or taking of Sublessee's furniture, trade fixtures or equipment; provided, however, that Sublessee is not in default hereunder. Sublessee may also pursue and retain any award from the condemning authority, payable solely and specifically to Sublessee for the loss of Sublessee's business.

## **13. ASSIGNMENT AND SUBLEASE.**

**13.1.** Sublessee shall not assign, sell, convey, encumber, pledge, mortgage, or otherwise transfer the Premises or Sublessee's leasehold interest under this Sublease or sub-sublease, license or permit the use of all or any portion of the Premises by anyone other than Sublessee (collectively, a "Transfer") without the prior written consent of Sublessor, and any such Transfer, if applicable, shall be done only in connection with an assignment or transfer by Sublessee of Sublessee's rights under a Franchise Agreement with the Sublessor for the Premises. Any Transfer shall be subject to all the terms of the Master Lease and of this Sublease and Sublessee shall, in addition to the requirements of this Sublease, comply with all the terms and financial obligations of the Master Lease with respect to a Transfer. The consent by Sublessor to one Transfer shall not be deemed to be consent to any subsequent Transfer.

**13.2.** Notwithstanding the granting of Sublessor's consent, no Transfer of this Sublease or the Premises shall release or alter Sublessee's primary liability to pay rent and perform all of the other obligations hereunder, and provided, further, that no such Transfer shall reduce any obligations of Sublessee hereunder, which shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety, to the same extent as though no Transfer had been made. The acceptance of rent by Sublessor from any person other than Sublessee shall not be a waiver by Sublessor of any provision hereof. If any assignee, sub-sublessee or transferee of Sublessee defaults in the performance of any of the terms hereof, Sublessor may proceed directly against Sublessee without proceeding against or exhausting its remedies against the assignee, sub-sublessee, transferee or successor.

**13.3.** In the event Sublessee becomes bankrupt or insolvent or makes an assignment for the benefit of creditors, or in the event of an assignment by operation of law, this Sublease may be terminated at the option of Sublessor.

**13.4.** In the event Sublessor is requested to review any documentation pertaining to a proposed Transfer by the Sublessee, Sublessee agrees to pay Sublessor \$1,000.00 per request to cover Sublessor's administrative expenses. Such payments are due in advance upon Sublessee's request for approval of Transfer.

**13.5.** If Sublessee desires to Transfer, Sublessee shall notify Sublessor in writing. This notice shall be accompanied by (i) a statement setting forth the name and business of the proposed assignee, subtenant or transferee; (ii) a copy of the proposed assignment or sublease and any collateral agreements setting forth all the terms and financial details of the Transfer; (iii) financial statements certified by an independent certified public accountant; (iv) a certification executed by the proposed assignee, sub-sublessee or transferee that it has been represented by counsel who has advised the proposed assignee, sub-sublessee or transferee of the legal effect of the proposed transaction; (v) evidence satisfactory to Sublessor that the proposed assignee, sub-sublessee or transferee has the present and prospective ability to fully perform the terms and conditions of the Sublease, if applicable; and (vi) any other information concerning the proposed Transfer which Sublessor may reasonably request. Sublessee shall pay to Sublessor fifty percent (50%) of any amount by which the rent paid or to be paid to Sublessee as a result of any transfer, assignment or sublease exceeds the rent then payable by Sublessee under this Sublease.

**13.6.** If Sublessee is a corporation or limited liability company, a dissolution of the corporation or limited liability company, or a transfer of or change in, by one or more transactions, a controlling interest of the voting stock or membership interest of Sublessee, shall be deemed to be Transfer of this Sublease subject to the provisions of this Section. If Sublessee is a partnership, a dissolution of the partnership, or any cumulative transfer of more than twenty percent (20%) of the partnership interests, including, without limitation, the admission of new partners or the withdrawal of existing partners, or the admission of new general partners or the withdrawal of existing general partners to a limited partnership, shall be deemed an assignment of this Sublessee, subject to the provisions of this Section, regardless of whether the transfer is made by one or more transactions, or whether one or more persons hold the controlling interest prior to or after the transfer.

#### **14. SUBLEASE SUBJECT TO MASTER LEASE COVENANTS.**

**14.1.** In addition to the terms, conditions and provisions of this Sublease, Sublessee understands and agrees that this Sublease is subject and subordinate to each and all of the terms, conditions and provisions of the Master Lease and of the rights of Master Lessor thereunder. Except as expressly provided in this Sublease, Sublessee assumes and hereby agrees to perform all obligations of Sublessor under the Master Lease and the provisions of the Master Lease shall be supplemental to and in addition to

the terms hereof. In the event of any inconsistency between the terms of the Sublease and the Master Lease, the Sublease shall govern, except where the requirements or obligations imposed on Sublessor (as lessee) under the Master Lease are greater than the obligations of Sublessee contained herein, in which case the specific terms, as applicable, of the Master Lease shall prevail. This Sublease shall automatically terminate upon the termination or surrender of the Master Lease for any reason or upon Sublessee's vacation of the Premises.

## **15. SECURITY DEPOSIT.**

**15.1.** Sublessee shall pay to Sublessor, simultaneously with the execution hereof, a sum equal to the minimum monthly rental as provided under Article 3.a. as a security deposit. Should default occur in the payment of any rent or other amount payable under the Sublease when due or should any of the terms, conditions or provisions of this Sublease be breached or should the Premises be vacated or abandoned, Sublessor, may, in addition to its rights and remedies set forth in this Sublease or at law, apply this security deposit, or any part thereof, to damages incurred by Sublessor as a result of any default by Sublessee. If any portion of the security deposit is used or applied, Sublessee shall, within five (5) days after written demand therefore, deposit cash with Sublessor in an amount sufficient to restore the security deposit to twice the previous amount. Sublessee's failure to do so shall be a material default under this Sublease. Sublessor shall not be required to keep the security deposit separate from its general funds, and no trust relationship is created with respect to the security deposit. Sublessee shall not be entitled to receive interest on the security deposit. If there is no current outstanding breach or default, the security deposit shall be returned to Sublessee or to Sublessee's assignee or designee within thirty (30) days after the end of the Sublease term, or any extension thereof.

**15.2.** In the event Sublessee subsequently sub-subleases, assigns, or relinquishes control of the Premises to a party not a signatory hereto, or to an entity in which Sublessee has, or maintains, less than a seventy-five percent (75%) interest, Sublessor reserves the right to require an additional security deposit in an amount not to exceed twice the original security deposit, effective upon the date of such transfer.

**15.3.** During the full effective term hereof, as additional security for Sublessee's performance of the terms and provisions of this Sublease, Sublessee hereby grants to Sublessor as security interest in and to the furniture, fixtures, equipment, signs and wares, now owned or hereafter acquired, located in or upon the Premises. Such security interest shall be junior and subordinate only to the interests of the Master Lessor. The grant of such security interest shall be evidenced by a security agreement ("Security Agreement") executed by Sublessee in a form acceptable to Sublessor. From time to time during the full effective term hereof, Sublessee shall execute and deliver to Sublessor such documents as Sublessor requires to provide notice of the Security Agreement, including, but not limited to, UCC Financing Statements.

## 16. SUBLESSOR'S RIGHTS UPON DEFAULT.

**16.1.** In the event Sublessee: (i) defaults in the payment of any rent or other amounts payable hereunder by Sublessee when due by failure to pay such amounts within five (5) days after delivery of notice pursuant to Article 21 that such amounts are overdue; (ii) violates any of the other terms, conditions or provisions of this Sublease; (iii) vacates or abandons the Premises for more than five (5) consecutive days; or (iv) defaults under the terms of a Franchise Agreement with the Sublessor for the Premises or any other agreement between Sublessor, its subsidiaries, parent company or affiliates, and Sublessee, including, without limitation, any purchase agreement, promissory note or security agreement which has been executed by Sublessee in favor of Sublessor; then Sublessor may, at its option, at any time after the expiration of five (5) days following the delivery of notice to Sublessee and Sublessee's failure to cure such default within such cure period: (1) re-enter and take possession of the Premises; (2) remove Sublessee's property therefrom; (3) re-let the Premises or any part thereof on such terms, conditions and rentals as Sublessor may deem proper; (4) keep the Sublease in effect and continue to collect all rent and other sums due hereunder as the same becomes due; and/or (5) at Sublessor's option, either terminate or cancel this Sublease or apply the proceeds that may be obtained from said re-letting, after deduction of costs and expenses, to the rent due under this Sublease and hold Sublessee liable for the balance of any rent due hereunder. "**Affiliate**" is defined as any person or legal entity that directly or indirectly controls, is controlled by, or is under common control with the specified person or legal entity. The rights of Sublessor are in addition to any rights Sublessor may have under the Master Lease, Franchise Agreement, any purchase agreement or promissory note, or under applicable State law. This Section is intended to be cumulative with respect to Sublessor's rights and shall in no way limit Sublessor's remedies at law or in equity.

**16.2.** In addition to all rights and remedies in Section 16.1 above, upon termination of this Sublease, Sublessor may recover from Sublessee: (i) the worth at the time of award of the unpaid rent which has been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for said period that Sublessee proves could have been reasonably avoided; and (iv) any other amount necessary to compensate Sublessor for all the detriment proximately caused by Sublessee's failure to perform its obligations under this Sublease or which in the ordinary course of things would be likely to result therefrom.

**16.3.** The worth at the time of award of the amounts referred to in subsections (i) and (ii) of Section 16.2 is computed by allowing interest at the legal rate. The worth at the time of award of the amount referred to in subsection (iii) of Section 16.2 is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%).

## **17. SUBLESSOR'S RIGHT TO ENTER.**

**17.1.** Sublessor and its authorized representatives shall have the right to enter the Premises at all reasonable times to determine whether the Premises are in good condition and whether Sublessee is complying with its obligations under this Sublease.

**17.2.** Sublessor shall have the right to immediately enter and safeguard the Premises in the event of abandonment by Sublessee. No entry or taking of possession of the Premises by Sublessor shall be construed as an election to terminate this Sublease unless written notice of such intention is given to Sublessee.

## **18. LEGAL EXPENSES.**

**18.1.** In the event either party brings an action against the other by reason of the alleged breach of any term, covenant or condition of this Sublease, the prevailing party shall be entitled to recover from the other party all legal expenses, including reasonable attorneys' fees, in an amount to be fixed by the court rendering such judgment. The foregoing provision notwithstanding, in the event Sublessee shall be in default under this Sublease and shall cure such default after notice by Sublessor pursuant to this Sublease, then all reasonable attorneys' fees incurred by Sublessor as a result of such default shall be paid by Sublessee. Such attorneys' fees shall be added to the subsequent month's Minimum Monthly Rent as Additional Rent. Sublessee shall reimburse Sublessor, upon demand, for any costs or expenses incurred by Sublessor in connection with any breach by or default of Sublessee under this Sublease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Sublessee shall also indemnify Sublessor for, and hold Sublessor harmless from and against, all liabilities incurred by Sublessor if Sublessor becomes or is made a party to any proceeding claim or action instituted: (i) by Sublessee; (ii) by any third party against Sublessee; (iii) by or against any person holding any interest under Sublessee or using the Premises by license of or agreement with Sublessee; (iv) for foreclosure of any lien for labor or material furnished to or for Sublessee or such other person; or (v) otherwise arising out of or resulting from any act or omission of Sublessee or such other person.

## **19. LATE CHARGE.**

**19.1.** Sublessee's failure to promptly pay rent or any other amount due hereunder may cause Sublessor to incur unanticipated costs. The exact amount of such costs is impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Sublessor. Sublessee agrees to pay to Sublessor, in addition to interest as provided for herein, as Additional Rent, a separate late charge in the amount of the greater of (i) five percent (5%) of the delinquent amount or (ii) one hundred fifty dollars (\$150.00) for each time Sublessee fails to pay to Sublessee any amounts due hereunder within five (5) days after the date such amount is due. Any such late charge shall then immediately be due and payable to Sublessor. The parties agree that such late charge represents a fair and

reasonable estimate of the costs Sublessor will incur by reason of such late payment. Acceptance of the late charges by Sublessor shall not constitute a waiver. However, interest shall not be payable on late charges.

## **20. WAIVER.**

**20.1.** The waiver by either party hereto of any breach, term, covenant, or condition of this Sublease to be performed by the other shall not be deemed to be a waiver of any subsequent breach, term, covenant or condition hereto. No statement on a payment check from Sublessee or in a letter accompanying a payment check shall be binding on Sublessor.

## **21. ESTOPPEL CERTIFICATE.**

**21.1.** Sublessee shall, at any time and from time to time, within five (5) calendar days following written notice by Sublessor, execute, acknowledge and deliver to Sublessor, without charge, a written statement certifying that this Sublease is unmodified and in full force and effect, or, if there have been modifications, that the Sublease is in full force and effect as modified and stating the modifications, the dates to which the rent and any other payments made pursuant to the terms of this Sublease have been paid in advance, if any, and stating whether or not the Sublessor is currently in default, or if conditions exist which would mature, by the mere passage of time, into an incident of default, in the performance of any term, covenant, condition or agreement contained in this Sublease, and, if so, identifying with specificity any and all such defaults. If Sublessee fails to execute and deliver an estoppel certificate as required hereunder, Sublessor's representations concerning the factual matters covered by such estoppel certificate, as described above, shall be conclusively presumed to be correct and binding on Sublessee.

## **22. NOTICES.**

**22.1.** All notices, demands, and other communications to be given or delivered under or by reason of the provisions of this Agreement, shall be in writing and shall be deemed to have been given when (i) personally delivered; (ii) mailed by registered or certified mail, postage prepaid, return receipt requested; or (iii) served by reputable overnight delivery service. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given forty-eight (48) hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices, demands, and communications to Sublessor and Sublessee shall, unless another address is specified in writing, be sent to the address below:

**If to Sublessor:**

**EL POLLO LOCO, INC.**

Attn: Legal Department re EPL # \_\_\_\_\_  
3535 Harbor Blvd, Suite 100  
Costa Mesa, CA 92626  
Phone (714) 599-5000  
Fax (714) 599-5503

**With a copy to:**

**Property Works,**

P. O. Box 1067,  
Decatur, Georgia 30031  
Attn: EPL Manager  
Phone (678) 795-3834

**If to Sublessee:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_

Notwithstanding anything to the contrary contained herein, Sublessor may deliver bulletins by electronic means, such as by the internet (e-mail).

**23. TIME OF THE ESSENCE.**

**23.1.** Time is of the essence as to each and every provision of this Sublease.

**24. INVALIDITY OF PROVISIONS.**

**24.1.** If any term or provision of this Sublease shall, to any extent, be invalid or unenforceable, the remainder of this Sublease shall not be affected thereby.

**25. FAILURE TO ACT.**

**25.1.** In the event Sublessee fails to take any action required hereunder or to perform any of its obligations hereunder, Sublessor may do so, but at the sole cost and expense of Sublessee, and such cost shall be considered as Additional Rent hereunder. Interest on any such sums expended by Sublessor shall accrue from the date paid by Sublessor until paid by Sublessee at the lesser rate of fifteen percent (15%) per year or the maximum rate allowable by law.

**26. PLANS AND DATA.**

**26.1.** Any plans, data or other information concerning the Premises, furniture, fixtures, equipment or other property made available to Sublessee by Sublessor or Sublessor's representatives are provided to Sublessee with no representations or

warranties whatsoever. Sublessor assumes no responsibility with respect thereto and Sublessee assumes all risks in connection with the use thereof.

## **27. HEADINGS AND TITLES.**

**27.1.** The marginal headings or titles to the sections of this Sublease are not a part of this Sublease and shall have no effect upon the construction or interpretation of any part of this Sublease.

## **28. GOVERNING LAW AND JURISDICTION.**

**28.1.** This Sublease shall be construed according to and governed by the laws of the state in which the Premises are located. The parties agree that any action brought by either party against the other in any court, whether federal or state, will be brought exclusively within the State of California, except that, Sublessor may, at Sublessor's discretion, seek injunctive and equitable relief in any court of competent jurisdiction in order to evict Sublessee or prevent waste or other actions by Sublessee that will irreparably harm Sublessor. Sublessee hereby irrevocably consents to the jurisdiction of such court and waives any objection Sublessee may have to either jurisdiction or venue of such court.

## **29. ADDITIONAL TERMS.**

**29.1.** Notwithstanding anything to the contrary in this Sublease, if Sublessee, or any proposed transferee of Sublessee, claims that Sublessor has unreasonably withheld or delayed its consent under this Sublease, or otherwise has acted unreasonably hereunder, their sole remedies shall be declaratory judgment and an injunction for the relief sought without any monetary damages, and Sublessee waives all other remedies on its own behalf and, to the extent permitted under all laws, on behalf of Sublessee's proposed transferee.

**29.2.** No merger shall result from Sublessee's sublease of the Premises, Sublessee's surrender of this Sublease or any termination of this Sublease in any other manner. In any such event, Sublessor may terminate any or all sub-tenancies or succeed to the interest of Sublessee as sub-landlord thereunder.

**29.3.** All parties signing this Sublease as Sublessee shall be jointly and severally liable for all obligations of Sublessee.

**29.4.** Nothing contained in this Sublease shall be deemed or construed to create the relationship of principal and agent or of partnership or of joint venture or of any association between Sublessor or Sublessee, and neither the method of computation of rent, nor any other provisions contained in this Sublease, nor any acts of the parties hereto shall be deemed to create any relationship between Sublessor and Sublessee, other than the relationship of Sublessor and Sublessee.

**29.5.** Sublessee waives any and all rights of redemption granted by or under any laws if Sublessee is evicted or dispossessed for any cause, or if Sublessor obtains possession of the Premises by reason of the violation of Sublessee of any of the terms, covenants or conditions of this Sublease, or otherwise.

**29.6.** In the event Sublessee, its parent, affiliate, or subsidiary, or any entity in which Sublessee or any officer, director, or shareholder thereof, or any combination of such persons has a controlling interest, or any entity controlled by a member of the immediate family of any officer, director or shareholder of Sublessee acquires the fee interest of the Premises prior to expiration of the then current term of the Sublease, then upon such acquisition, the Sublease shall terminate at the election of the Sublessor. Upon termination of the Sublease, the parties shall promptly, without cost or expense to Sublessor, (i) execute all necessary documents to record the Sublease termination; (ii) prorate all rent, taxes, insurance and all other charges payable under the Sublease, except that, in the event that rent under this Sublease is greater than rent under the Master Lease, Sublessor shall be entitled to receive the difference in the rental amounts computed through the end of the term of this Sublease; and (iii) enter into a general mutual release of any claims arising out of the Sublease.

**29.7.** If Sublessee is a corporation, Sublessor may require, as a condition to the effectiveness hereof, the written guarantee and assumption of Sublessee's obligations hereunder by the principal officers, directors, any or all shareholders or trustees, or some other natural persons associated with Sublessee in the form attached hereto as **Exhibit "A"**.

### **30. COUNTERPARTS.**

**30.1.** This Sublease may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. It shall not be necessary for the parties to execute the same counterpart(s) of this Sublease for this Sublease to become effective. A signature on this Sublease transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

### **31. CONSENT OF MASTER LESSOR.**

**31.1.** In the event the Master Lease requires that the Sublessor obtain the consent of Master Lessor to any subletting by Sublessor, then this Sublease shall not be effective unless Master Lessor gives its consent to this Sublease in writing in the form attached hereto as **Exhibit "B"**.

### **32. NO BROKERS.**

**32.1.** Sublessor and Sublessee represent and warrant to each other that neither of them has had any dealings with any real estate broker, agent or finder in connection with this Sublease and each party agrees to indemnify, defend protect and hold the other harmless from and against any costs, liabilities, expenses (including, but not limited to

El Pollo Loco Unit # \_\_\_\_\_  
Location \_\_\_\_\_

attorneys' fees and costs), fees, penalties or losses relating to compensation, commissions or charges claimed by any broker, agent or finder claiming a commission or fee based on the acts of the indemnifying party.

**IN WITNESS WHEREOF**, the parties hereto have executed this Sublease as of the dates set forth below.

**SUBLESSOR:**

**El Pollo Loco, Inc.**, a Delaware Corporation

**SUBLESSEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

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

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

## EXHIBIT A: PERSONAL GUARANTEE OF SUBLEASE

The undersigned hereby unconditionally, absolutely and irrevocably guarantees the full performance and payment by Sublessee (as defined below) of, and expressly agrees to adopt and be bound by, each and all of the terms, covenants and conditions of that certain Sublease dated \_\_\_\_\_, 20\_\_\_\_ (the "**Sublease**") between **El Pollo Loco, Inc.** ("**Sublessor**") whose address is 3535 Harbor Blvd, Suite 100, Costa Mesa, CA 92626 and \_\_\_\_\_ ("**Sublessee**") whose address is \_\_\_\_\_. The undersigned further agrees as follows:

1. This guarantee will continue unchanged by any bankruptcy, reorganization or insolvency of Sublessee or by any disaffirmance or abandonment by a trustee of Sublessee.
2. This covenant and Sublease on the part of the undersigned shall continue in favor of Sublessor notwithstanding any extension, modification or alteration of the Sublease entered into by and between the parties thereto, or their successors or assigns, and no extension, modification, alteration or assignment of the Sublease shall in any manner release or discharge the undersigned and the undersigned does hereby consent thereto.
3. The liability of the undersigned under this guarantee shall be primary and in any right of action which shall accrue to Sublessor under the Sublease, Sublessor may, at its option, proceed against the undersigned without having commenced any action or having obtained any judgment against Sublessee.
4. The undersigned shall pay Sublessor's reasonable attorneys' fees (internal and external) and all costs and other expenses (internal and external) incurred in any collection or attempted collection or in any negotiations relative to the obligations hereby guaranteed or enforcing this guarantee against the undersigned, individually and jointly from commencing and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements).
5. The undersigned hereby waives notice of any demand by Sublessor as well as any notice of default in the payment of rent or any other amounts contained or reserved in the Sublease.
6. All sums due under this guarantee shall bear interest from the date due until the date paid at the maximum contract rate permitted by law. The obligations under this guarantee include, without limitation, payment when due of rent and other sums due under the Sublease and all damages to which Sublessor is or may be entitled whether under applicable law, indemnification payments and payment of any and all legal fees, courts costs and litigation expenses incurred by Sublessor in endeavoring to collect or enforce any of the foregoing against Sublessee, the undersigned, or in connection with any property securing any or all of the foregoing or this guarantee.

7. The undersigned agrees that one or more successive or concurrent actions may be brought on this guarantee, in the same action in which Sublessee may be sued or in separate actions, as often as deemed advisable by Sublessor. The obligations under this guarantee are joint and several, and independent of the obligations of Sublessee.

8. No election in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Sublessor's right to proceed in any other form of action or proceeding or against any other party. The failure of Sublessor to enforce any of the provisions of this guarantee at any time or for a period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce the same. All remedies under this guarantee shall be cumulative and shall be in addition to all rights, powers and remedies given to Sublessor by law or under any other instrument or Sublease.

9. All rights, benefits and privileges under this guarantee shall inure to the benefit of and be enforceable by Sublessor and its successors and assigns and shall be binding upon the undersigned and his heirs, representatives, successors and assigns. Neither the death of the undersigned nor notice thereof to Sublessor shall terminate this guarantee as to his estate, and, notwithstanding the death of the undersigned or notice thereof to Sublessor, this guarantee shall continue in full force and effect. The provisions of this guarantee may not be waived or amended except in writing executed by the undersigned and a duly authorized representative of Sublessor.

10. The undersigned represents and warrants that (i) it is in the undersigned's direct interest to assist Sublessee in procuring the Sublease, because Sublessee has a direct or indirect corporate or business relationship with the undersigned, (ii) this guarantee has been duly and validly authorized executed and delivered and constitutes the binding obligation of the undersigned, enforceable in accordance with its terms, and (iii) the execution and delivery of this guarantee does not violate (with or without the giving of notice, the passage of time, or both) any order, judgment, decree, instrument or Sublease to which the undersigned is a party or by which it or its assets are affected or bound.

11. If any provision of this guarantee or the application thereof to any party or circumstance is held invalid, void, inoperative, or unenforceable, the remainder of this guarantee and the application of such provision to other parties or circumstances shall not be affected thereby, the provisions of this guarantee being severable in any such instance. This guarantee is the entire and only Sublease between the undersigned and Sublessor respecting the guarantee of the Sublease, and all representations, warranties, Subleases, or undertakings heretofore or contemporaneously made, which are not set forth in this guarantee, are superseded.

12. Any notice which a party shall be requested or shall desire to give to the other under this guarantee shall be given by personal delivery or by depositing the same in the United States mail, first class postage pre-paid, addressed to Sublessor at its address set forth above and to the undersigned at its address set forth above, and such notices shall be deemed duly given on the date of personal delivery or three (3) days after the date of

mailing as aforesaid. Either party may change their address for purposes of receiving notices under this guarantee by giving written notice thereof to the other party in accordance with this section.

13. This guarantee is governed by and construed according to the laws of the State of California applicable to contracts made and to be performed in such state. In order to induce Sublessor to accept this guarantee, and as a material part of the consideration therefore, the undersigned (i) agrees that all actions or proceedings relating directly or indirectly to this guarantee shall, at the option of the Sublessor, be litigated in courts located within the State of California, and (ii) consents to the jurisdiction of any such court and consents to the service of process in any such action or proceeding by personal delivery or any other method permitted by law.

14. The undersigned waives and relinquishes any rights it may have under California Civil Code 2845, 2849 and 2850 or otherwise to require Sublessor to (a) proceed against Sublessee or any other guarantor, pledgor or person liable under the Sublease; (b) proceed against or exhaust any security for the Sublessee or this guarantee; or (c) pursue any other remedy in Sublessor's power whatsoever. In other words, Sublessor may proceed against the undersigned for the obligations guaranteed without first taking any action against Sublessee or any other guarantor, pledgor or person liable under the Sublease and without proceeding against any security. The undersigned shall not have, and hereby waives (a) any right of subrogation, contribution, indemnity and any similar right that the undersigned may otherwise have, (b) any right to any remedy which Sublessor now has or may hereafter have against Sublessee, and (c) any benefit of any security now or hereafter held by Sublessor. The undersigned waives (a) all presentments, demands for performance, notices of non-performance, protests, notices of protests and notices of dishonor; (b) all other notices and demands to which the undersigned might be entitled, including without limitation notice of all the following: the acceptance hereof; any adverse change in Sublessee's financial position; any other fact which might increase the undersigned's risk; any default, partial payment or non-payment under the Sublessee and any changes, modifications, or extensions thereof; and any revocation, modification or release of any guarantee of any or all of the Sublease by any person (including without limitation any other person signing this guarantee); (c) any defense arising by reason of any failure of Sublessor to obtain, perfect, maintain or keep in force any security interest in any property of Sublessee or any other person; (d) any defense based upon or arising out of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against Sublessee or any other guarantor or any person liable under the Sublease.

15. Without limiting the generality of the foregoing or any other provision of this guarantee, the undersigned expressly waives any and all benefits which might otherwise be available to it under California Civil Code 2839 (which provides that a surety is exonerated by the performance or the offer of performance of the principal obligation), 2899 (which provides for the order of resort to different funds held by the creditor) and 3433 (which provides for the right of a creditor to require that another creditor entitled to resort to several sources of payments first resort to sources not available to the first

creditor). The undersigned waives the rights and benefits under California Civil Code 2819 and agrees that by doing so its liability shall continue even if Sublessor alters any obligations under the Sublease in any respect or Sublessor's rights or remedies against Sublessee are in any way impaired or suspended without the undersigned's consent. Sublessor may without notice assign this guarantee in whole or in part.

16. The Sublease may be assigned either by Sublessor or Sublessee or the premises sublet in whole or in part without the undersigned's consent or notice to the undersigned and without affecting the liability of the undersigned under this guarantee.

17. The undersigned has had the opportunity to review this guarantee with its counsel and such counsel has explained to it the meaning and significance of the provisions of this guarantee, including, but not limited to, the waivers and consents contained in this guarantee, and answered any questions that it had regarding the meaning, significance and effect of the provisions of this guarantee.

18. The use of the singular herein shall include the plural. The obligations of two or more parties shall be joint and several. The terms and provisions of this guarantee shall be binding upon and inure to the benefit of the respective successors and assigns of the parties herein named.

19. This guarantee may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this guarantee transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

**IN WITNESS WHEREOF**, the undersigned executed this guarantee on the date(s) set forth below.

\_\_\_\_\_, an individual

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_, an individual

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B: MASTER LESSOR'S CONSENT**

The undersigned Master Lessor, pursuant to the terms and conditions of the Lease dated \_\_\_\_\_, as amended, hereby grants its written consent to the Sublease by and between \_\_\_\_\_ ("**Sublessee**") and El Pollo Loco, Inc., a Delaware corporation ("**Sublessor**") on the terms set forth in the Sublease dated \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_, a  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT F FRANCHISE DEVELOPMENT AGREEMENT



### EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT

**Dated:** \_\_\_\_\_

<b>Territory:</b>
<b>Developer:</b>

(Disclosure Document Control No. 032724)

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**EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT  
(Non-exclusive/Exclusive)**

**THIS EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT (“Agreement”)** dated for identification purposes only as of \_\_\_\_\_, is made and entered into by and between **El Pollo Loco, Inc.**, a Delaware corporation, with its principal place of business at 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626 (referred to herein as “**Franchisor**”) and \_\_\_\_\_ a \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (“**Developer**”).

**RECITALS.**

A. Franchisor owns certain proprietary and other property rights and interests in and to the “**El Pollo Loco®**” trademark and service mark, and such other trademarks, service marks, logo types, insignias, trade dress designs and commercial symbols as Franchisor may from time to time authorize or direct Developer to use in connection with the operation of a(n) “**El Pollo Loco®**” restaurant (the “**El Pollo Loco® Marks**” or “**Marks**”). Franchisor has a distinctive plan for the operation of retail outlets for the sale of fire-grilled food items and related products, which plan includes but is not limited to the El Pollo Loco® Marks and the Operations Manual (the “**Manual**” or “**Operations Manual**”), policies, standards, procedures, signs, menu boards and related items, and the reputation and goodwill of the El Pollo Loco® chain of restaurants (collectively, the “**El Pollo Loco® System**”).

B. Developer represents that it is experienced in and has independent knowledge of the nature and specifics of the restaurant business.

C. Developer desires to obtain development rights for multiple restaurants under the El Pollo Loco® System (each, an “El Pollo Loco® Restaurant”) from Franchisor within a specified geographical (the “**Territory**”) specified in **Exhibit A** attached hereto and made a part hereof (*or if single unit, replace with “Developer desires to obtain development rights for a single restaurant under the El Pollo Loco® System ( “El Pollo Loco® Restaurant”) from Franchisor within a specified address (the “Territory”) specified in **Exhibit A** attached hereto and made a part hereof.”*)

D. Franchisor is willing to grant the (non-exclusive/exclusive) right to develop and open El Pollo Loco® Restaurant(s) within the Territory referenced in **Exhibit A**.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations herein contained, the parties hereto agree as follows:

**1. DEVELOPMENT RIGHTS IN TERRITORY.**

**1.1.** Franchisor hereby grants to Developer, subject to the terms and conditions of this Agreement (*if Section 2.20 is applicable add “, and specifically **Section 2.20***

*hereof,")* and as long as Developer shall not be in default of this Agreement or any other development, franchise or other agreement between Developer and Franchisor, (non-exclusive/exclusive) development rights to establish and operate \_\_\_\_ franchised El Pollo Loco® Restaurant(s) within the Territory, and to use the El Pollo Loco® System solely in connection therewith, at these specific locations to be designated in separate Franchise Agreement(s) (the "**Franchise Agreements**"). *(If exclusive agreement, add "Developer expressly acknowledges that the exclusive rights granted herein apply only to the right to develop new restaurants in the Territory, and no exclusive territory or radius protection for the term of any Franchise Agreement is granted herein and any such protection shall be set forth in the particular Franchise Agreement to be signed.")* The Franchise Agreements (and all ancillary documents attached as Exhibits to the Franchise Agreement, including the Personal Guarantee) executed in accordance with this Agreement shall be in the form currently in use by Franchisor at the time of execution of the Franchise Agreement and shall be executed individually by each person, partner, member or shareholder.

**1.2. (Only applies if exclusive Agreement. Delete if non-exclusive Agreement.)** Except as otherwise provided in this Agreement and subject to the terms and conditions of Section 2.20 hereof, after the date of this Agreement and during the term of this Agreement, and so long as Developer is in compliance with its obligations under this Agreement, Franchisor shall neither, without Developer's prior written consent: (i) grant development rights to anyone else with respect to the Territory or any part of the Territory; nor (ii) establish or franchise any person to establish an El Pollo Loco® restaurant under the Marks and System at any location within the Territory. Franchisor expressly retains all other rights and may, among other things, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

**a.** Establish and operate or franchise others to establish and operate an El Pollo Loco® restaurant located outside of the Territory;

**b.** Sell the same or similar products (whether or not using the Marks), as will be sold by Developer in a developed El Pollo Loco® restaurant, to customers at any retail location (whether within or outside of the Territory), through any method or channel of distribution, including, without limitation, at retail locations such as grocery or convenience stores and via the Internet, telemarketing and direct marketing means, through other non-El Pollo Loco® restaurants having the same or similar menu items, or through any other distribution channel or through "Ghost Kitchens" which we define as a professional food preparation and cooking facility set up for the preparation of delivery-only meals whether or not the facility produces menu items for multiple brands or just for El Pollo Loco® restaurants. Additionally, no Protected Area exists for El Pollo Loco® restaurants located in "Non Traditional Venues," which we define as any of the following types of venues: regional shopping malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, military bases, entertainment centers, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care institutions, or similar types of captive

market locations that we may designate. We will determine and designate those shopping malls that in our judgment qualify as a regional shopping mall based on the size of the shopping complex, number of anchor tenants, existence of dedicated parking space, existence of unrelated merchandisers, and prevailing consumer and industry perceptions. Franchisor and Developer retain all other rights and obligations in this Agreement;

c. Establish and operate or franchise others to establish and operate restaurants (not using the Marks) having the same or similar menu items whether within or outside of the Territory; and

d. Any continued operation by Franchisor, or the allowance of any continued operation by a franchisee of Franchisor, of an El Pollo Loco® restaurant within the Territory which was opened on or before the date of this Agreement shall not be considered to constitute a breach of this Agreement.

**1.3. (Only applies to multi-unit Development Agreement – delete if single-unit Development Agreement).** Prior to or concurrent with the execution of this Agreement, Developer shall meet with Franchisor's development representatives and prepare a market development plan for the units to be constructed and opened by Developer in the Territory (identifying specific key areas, key intersections and trade areas in the Territory) and all development pursuant to this Agreement shall be in accordance with this plan (the "**Market Plan**"). The Market Plan shall include proposed areas where sites may be located, ranking and prioritization of site locations and other information customarily used by market planners in the restaurant industry. Developer and Franchisor shall jointly approve the Market Plan.

## **2. LIMITATION ON DEVELOPMENT RIGHTS.**

**2.1.** Developer must submit one or more site(s) for approval, enter into binding leases or purchase agreements and open to the public the number of El Pollo Loco® Restaurant(s) on such approved sites each calendar year as required on the Development Schedule, all as set forth on **Exhibit B** attached hereto and made a part hereof.

**2.2.** For purposes of the Development Schedule in **Exhibit B**, no credit will be given for the development of El Pollo Loco® Restaurant(s) outside the Territory, regardless of the fact that Developer may, upon proper application, obtain from Franchisor a Franchise Agreement for any such development.

**2.3.** Although this Agreement affords the Developer the right to develop and open El Pollo Loco® Restaurant(s) within the Territory, as set forth on **Exhibit A**, all El Pollo Loco® Restaurant(s) developed under this Agreement must be duly licensed through individual Franchise Agreement(s). Developer will execute Franchisor's then standard Franchise Agreement in use at the time of execution for each restaurant developed under

this Agreement, and agrees to pay Franchisor the current fees, royalties and other required payments in accordance with the Franchise Agreement and Franchise Disclosure Document then in effect. Execution of the appropriate Franchise Agreement and payment of the initial franchise fee and/or any other required fees must be accomplished prior to the commencement of construction at any site.

**2.4.** Developer must satisfy all Franchisor's financial and operational criteria then in effect and in addition, if Developer is also a Franchisee of one or more El Pollo Loco® restaurants, Franchisee must also be in good standing with Franchisor and satisfy all Franchisor's financial and operational criteria then in effect prior to Franchisor's execution of each standard Franchise Agreement issued pursuant to this Agreement. Developer shall provide Franchisor with current information pertaining to Developer's financial condition and the financial condition of the majority and managing members/partners/shareholders of Developer at any time upon Franchisor's request and in no event less than once annually. Developer acknowledges that, among other things, it will be required to submit annual financial statements of Developer and personal financial statements of each of its principal owners and Managing Members to be eligible for financial approval by Franchisor. In the event any of the majority owners of Developer shall also be the Managing Members and/or majority owners of any other entity which is a franchisee of Franchisor, then each such franchisee entity must be operationally and financially approved by Franchisor before approval for expansion will be granted to any one franchisee entity. "**Managing Members**" shall be any individuals who are designated as the primary decision makers or general managers of the franchisee entity and those individuals who (individually or collectively) own at least 51% interest in the franchisee entity.

**2.5.** Developer shall use its best efforts to retain qualified real estate professionals (including licensed brokers) to locate proposed sites for the El Pollo Loco® Restaurant(s). Developer shall submit proposed sites for each El Pollo Loco® Restaurant unit to be developed under this Agreement for acceptance by Franchisor's Real Estate Site Approval Committee ("**RESAC**"), together with such site information as may be reasonably required by Franchisor to evaluate the proposed site, no later than the dates set forth in **Exhibit B** as RESAC Submittal Dates, the first of which shall be approximately ninety (90) days after execution of this Agreement. Should the site be accepted by RESAC, it will be referred to as the "**Approved Site**". Such acceptance will expire one (1) year from the RESAC approval date. Franchisor may require, as a condition to its approval of a site, a "**Market Study**", which shall include a site description and analysis, traffic and other demographic information and an analysis of the impact of the proposed site on other company owned and franchised El Pollo Loco® restaurants surrounding or within the vicinity of such proposed site all in such format as the Franchisor may require. All such analyses, information and studies shall be prepared at the sole cost and expense of Developer.

**2.6.** Franchisor shall send representatives to evaluate proposed site(s) for each El Pollo Loco® Restaurant to be developed under this Agreement, and Franchisor will do so at its own expense for the first two (2) proposed sites for each El Pollo Loco®

Restaurant. If Developer proposes, and Franchisor evaluates, more than two (2) sites for each El Pollo Loco® Restaurant, then Developer shall reimburse Franchisor for the reasonable costs and expenses incurred by Franchisor's representatives in connection with the evaluation of such additional proposed site(s), including, without limitation, the costs of lodging, travel, meals and wages.

**2.7.** Provided there exists no default by Developer under this Agreement or any other development, franchise or other agreement between Franchisor and Developer, Franchisor shall evaluate each site proposed for which Developer has provided all necessary evaluation information, and shall promptly after receipt of Developer's proposal, send to Developer written notice of acceptance or non-acceptance of the site.

**2.8.** If RESAC determines through its evaluation of the proposed site that the proposed site may impact sales at any company-owned El Pollo Loco® restaurant, Franchisor has the sole and absolute right to accept or reject the proposed site, without any obligation to discuss a possible resolution with Developer. However, Franchisor may elect to discuss with Developer a possible resolution with regards to the proposed site; however, if such an agreement cannot be reached, Franchisor has the sole and absolute right to reject the proposed site. If RESAC determines through its evaluation of the proposed site that the proposed site may potentially impact sales at any existing El Pollo Loco® franchisee's restaurant, Franchisor shall notify Developer of the existing El Pollo Loco® franchisee's (or franchisees') location(s) and contact information. If nevertheless Developer wishes to try to proceed with that site, Developer must obtain a written waiver from those existing El Pollo Loco® franchisee(s) of any claims they might have against Developer and Franchisor with respect to the proposed new El Pollo Loco® Restaurant. Such waiver, if obtained, must be submitted along with the evaluation information required pursuant to this Section.

**2.9.** No later than the Site Commitment Dates set forth in **Exhibit B**, Developer shall submit for the Approved Site to Franchisor for its review and approval of:

**a.** A fully negotiated but unexecuted lease, which may only be subject to obtaining necessary governmental permits. The unexecuted form of the lease must be submitted to Franchisor to review for the required terms and conditions listed in Sections 2.9, 2.10, 2.11 and 2.12 below **prior** to full execution of the lease. Franchisor will promptly notify Developer upon their approval of the inclusion of such required terms and conditions. Developer will promptly then provide a final executed copy of the lease to Franchisor; or

**b.** A purchase agreement. Should Developer purchase the site using another entity other than the franchise entity, Developer must then enter into a lease with the Franchise entity as the lessee and the purchasing entity as the lessor and must comply with all the requirements of this Sections 2.9, 2.10, 2.11 and 2.12 below).

**2.10.** Any lease to be entered into by Developer shall include the terms and

conditions set forth below and shall be in a form approved by Franchisor:

- a.** The tenant entity on the lease must match the franchise entity on the franchise agreement; and
- b.** The term (with renewal options) of the lease must match at least the initial term of the franchise agreement; and
- c.** The landlord consents to your use of the premises as an El Pollo Loco® restaurant which will be open during the required days and hours set out in the Operations Manual.

**2.11.** Franchisor shall have no liability under any lease or purchase agreement for any El Pollo Loco® Restaurant location developed under this Agreement and shall not guarantee Developer's obligations thereunder. Upon approval by Franchisor of the form of Developer's lease and execution of a lease for a site by Developer, Developer shall furnish to Franchisor a fully executed copy of such lease and any amendments thereto within fifteen (15) calendar days of such execution. Franchisor shall have no obligation to assist Developer to negotiate its leases.

**2.12.** The lease or deed may not contain any non-competition covenant which restricts Franchisor or any franchisee or licensee of Franchisor, from operating an El Pollo Loco® restaurant or any other retail restaurant, unless such covenant is approved by Franchisor in writing prior to the execution by Developer of the lease.

**2.13.** Each subsequent site to be developed pursuant to the Development Schedule shall be submitted for approval by RESAC by the date set forth in **Exhibit B**. Similarly, each fully executed lease (executed upon prior review and approval by Franchisor) or purchase agreement (with all contingencies to Developer's obligations waived or satisfied, except permitting contingencies) relating to each subsequent Approved Site shall: (1) be delivered to Franchisor on or before the Site Commitment Date for each respective El Pollo Loco® Restaurant as set forth in **Exhibit B** and (2) prior to the execution of your Franchise Agreements (3) prior to the payment of your initial franchise fees for each site and (4) prior to the commencement of construction of the El Pollo Loco® Restaurant.

**2.14.** RESAC site approval does not assure that a Franchise Agreement will be executed. Execution of the Franchise Agreement is contingent upon Developer completing the purchase or lease of the proposed site within sixty (60) days after approval of the site by the Franchisor or no later than the dates set forth in **Exhibit B** as Site Commitment Dates.

**2.15.** Developer acknowledges that time is of the essence in this Agreement. If Developer has not obtained approval and entered into a binding lease or purchase agreement for each site for El Pollo Loco® Restaurant(s) to be developed under this

Agreement by the applicable Site Commitment Date, Developer shall be in default of its obligations under the Development Schedule and Franchisor shall be entitled to exercise its rights and remedies under this Agreement, up to and including termination of this Agreement.

**2.16.** Developer also acknowledges that it is required pursuant to this Agreement to open El Pollo Loco® Restaurants in the future pursuant to dates set forth in the Development Schedule attached as **Exhibit B**. If Developer fails to meet the opening date for any El Pollo Loco® Restaurant to be developed under this Agreement, Developer shall be in default and Franchisor shall be entitled to exercise all rights and remedies available to Franchisor set forth in **Section 11**. Developer acknowledges that if Developer fails to open El Pollo Loco® Restaurants in a timely manner pursuant to the Development Schedule, Franchisor will suffer lost revenues, including royalties and other fees which would be difficult to calculate and which Franchisor would have received had Developer met the agreed schedule or had Franchisor had the right to grant development rights to others in the Territory.

**2.17.** Developer acknowledges that the estimated initial investment and estimated expenses set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to and likely to increase over time, and that future El Pollo Loco® Restaurants will likely involve a greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to your execution of this Agreement.

**2.18.** Developer understands and acknowledges that in accepting Developer's proposed site or by granting a franchise for each Approved Site, Franchisor does not in any way, endorse, warrant or guarantee either directly or indirectly the suitability of such site or the success of the franchise business to be operated by Developer at such site. The suitability of the site and the success of the franchise business depend upon a number of factors outside of Franchisor's control, including, but not limited to, the Developer's operational abilities, site location, consumer trends and such other factors that are within the direct control of the Developer.

**2.19.** The purpose of this Agreement is to promote orderly incremental growth within the El Pollo Loco® System. The acquisition of existing El Pollo Loco® restaurants by Developer does not represent incremental growth and, therefore, does not satisfy the terms of this Agreement pertaining to development.

**2.20. (To be added where there are existing restaurants in the Territory)** Developer acknowledges that Franchisor (i) is operating or has franchised another to operate, one (1) or more El Pollo Loco® restaurants in the Territory or (ii) has granted franchise rights to another in the Territory or (iii) approved a new site for development for those locations identified in **Exhibit C** attached hereto and incorporated herein by this reference. Developer further acknowledges that Franchisor retains the sole and absolute right to approve or disapprove any

proposed location for development under this Agreement if, in Franchisor's reasonable judgment: (i) such proposed location is not suitable for an El Pollo Loco® Restaurant or (ii) such proposed location will have a material adverse effect on the profitability of another existing El Pollo Loco® location (or approved site) in the Territory. Developer covenants to use its reasonable best efforts to avoid selecting proposed locations that would adversely impact pre-existing locations in the Territory.

### 3. DEVELOPMENT FEE.

3.1. Developer shall pay to Franchisor upon execution of this Agreement a non-refundable Development Fee (the "**Development Fee**") equal to \$20,000 in immediately available funds, for each El Pollo Loco® Restaurant to be developed under this Agreement. The Development Fee is consideration for this Agreement. The Development Fee is not consideration for any Franchise Agreement and is non-refundable. The \$20,000 Development Fee for each El Pollo Loco® Restaurant shall be applied against the initial franchise fee payable upon the execution of the Franchise Agreement applicable to such El Pollo Loco® Restaurant. As a benefit of signing the Development Agreement, the initial franchise fee for the second and each subsequent restaurant developed under the same Development Agreement will be reduced by us to \$30,000. As an example, the initial franchise fee for the first restaurant developed under a Development Agreement would be \$40,000 to which \$20,000 (from the Development Fee will be credited. The initial franchise fee for the second and remaining restaurants developed under the same Development Agreement would be \$30,000, to which \$20,000 from the Development Fee will be credited. If this Agreement is terminated pursuant to Sections 10 or 11 below, Developer will lose its right to develop and any and all Development Fees. Developer may qualify for development incentives as described in **Exhibit D**.

### 4. TERM OF DEVELOPMENT AGREEMENT.

4.1. This Agreement shall commence on the date specified in **Exhibit B**. Unless terminated pursuant to Section 10 or 11 below, it shall expire upon the earlier of the date specified in **Exhibit B** or upon the opening of the last El Pollo Loco® Restaurant listed in the Development Schedule.

### 5. TERRITORY CONFLICTS.

5.1. The rights granted Developer in this Agreement are subject to any prior territorial rights of other franchisees which may now exist in the Territory, whether or not those rights are currently being enforced. In the event of a conflict in territorial rights, whether under a Franchise Agreement or separate territorial or development agreement, Developer shall be free to negotiate with any person, corporation or other entity, which claims territorial rights adverse to the rights granted under this Agreement, for the assignment of those prior territorial rights. For this purpose, Franchisor agrees to approve any such assignment not in conflict with the other terms of this Agreement, subject to the

condition of any Franchise Agreements involved, and current policies pertaining to assignments, including, but not limited to, satisfaction of all past due debts owed to Franchisor and the execution of a General Release.

**5.2.** In the event of third-party claims of the right to develop the Territory, it is the sole responsibility of Franchisor, where the right granted herein is exclusive, to protect and maintain Developer's right to the development of the Territory. However, if it appears to Franchisor, as its sole and absolute right to determine, that protection of the Territory by legal action is not advisable, whether due to the anticipation of, or the actual protracted nature of the action, the costs involved, the uncertainty of outcome, or otherwise, Franchisor has the right to terminate this Agreement, provided that it refunds to Developer the balance, if any, of the Development Fee made pursuant to Section 3, which has not been applied against the initial franchise fees for Franchise Agreement(s) to be acquired under this Agreement.

## **6. PROPRIETARY RIGHTS OF FRANCHISOR.**

**6.1.** Developer expressly acknowledges Franchisor's exclusive right, title, and interest in and to the trade name, service mark and trademark "**El Pollo Loco**", and such other trade names, service marks, and trademarks which are designated as part of the El Pollo Loco® System, and Developer agrees not to represent in any manner that Developer has any ownership in El Pollo Loco® Marks. This Agreement is not a Franchise Agreement. Developer may not open an El Pollo Loco® Restaurant or use the El Pollo Loco® Marks at a particular site until it executes a Franchise Agreement for that site. Developer's use of the El Pollo Loco® Marks shall be limited to those rights granted under each individual Franchise Agreement. Notwithstanding the foregoing, Franchisor may authorize Developer in writing to use the Marks in connection with advertising and marketing activities in connection with this Agreement. Developer expressly agrees that such usage is limited to those specific activities or promotional materials approved by Franchisor's marketing department in advance. Developer further agrees that its use of the Marks shall not create in its favor any right, title, or interest in or to El Pollo Loco® Marks, but that all of such use shall inure to the benefit of Franchisor, and Developer has no rights to the Marks except to the degree specifically granted by the individual Franchise Agreement(s). Building designs and specifications, color schemes and combinations, sign design specifications, and interior building layouts (including equipment, equipment specification, equipment layouts, and interior color schemes and combinations) are acknowledged by Developer to comprise part of the El Pollo Loco® System. Developer shall have no right to license or franchise others to use the Marks by virtue of this Agreement.

**6.2.** Developer acknowledges that, in connection with its execution of this Agreement, it may receive confidential and proprietary information regarding the El Pollo Loco® System, including, but not limited to, the El Pollo Loco® Operational Manual. Developer recognizes the unique value and secondary meaning attached to the El Pollo Loco® Marks and the El Pollo Loco® System, and Developer agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use will

cause irreparable damage to Franchisor and its franchisees. Developer, therefore, agrees that if it should engage in any such unauthorized or improper use during, or after, the term of this Agreement, Franchisor shall be entitled to both seek temporary and permanent injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

**6.3.** Developer acknowledges that it will receive one (1) copy of the Operations Manual on loan from Franchisor and that the Operations Manual shall at all times remain the sole property of the Franchisor.

## **7. INSURANCE AND INDEMNIFICATION.**

**7.1.** Throughout the term of this Agreement, Developer shall obtain and maintain insurance coverage with insurance carriers acceptable to Franchisor in accordance with Franchisor's current insurance requirements as modified from time to time. A certificate of insurance will be issued to Franchisor evidencing the required insurance coverage detailed in this Section. Such insurance coverage shall commence upon execution of this Agreement. Promptly following the date any policy of insurance is renewed, modified or replaced during the term of this Agreement, Developer will issue to Franchisor certificates of insurance evidencing such coverage. Developer shall insure for commercial general liability, in the amount of at least \$1,000,000 per occurrence. Automobile liability with at least \$1,000,000 combined single limit. Umbrella excess liability insurance with a minimum limit of \$5,000,000 limit per occurrence. Developer also shall carry such worker's compensation insurance as may be required by applicable law. All policies must contain provisions waiving rights of recovery against any named insured by subrogation. All coverages shall be placed with a financially stable insurer with a minimum AM Best Ratings of A-VII. In connection with and prior to commencing any construction, reimage or remodeling of the Restaurant, Developer, as franchisee, shall maintain Builder's All Risks Insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, acceptable to Franchisor.

**7.2.** For the benefit of Franchisor, Developer shall obtain an additional insured endorsement naming Franchisor. The endorsement shall state the above-described insurance shall be primary and not contributory, as to Franchisor; with a waiver of subrogation in favor of Franchisor. All commercial general liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss incurred by Franchisor, its affiliates, officers, agents and/or employees, by reason of the negligence of Developer, its principals, contractors, agents and/or employees. All policies shall extend to and provide indemnity for all obligations assumed by Developer hereunder and all other items for which Developer is required to indemnify Franchisor under the provisions of this Agreement, whether or not the liability arose from the negligence of Franchisor, its principals, contractors, agents or employees, and shall provide Franchisor with at least thirty (30) days' notice of cancellation, termination of coverage or material reduction of coverage. "**Affiliate**" is defined as any person or legal entity that directly or indirectly controls, is controlled by, or is under common control with the specified person

or legal entity.

**7.3.** Franchisor reserves the right to specify reasonable changes in the types and amounts of insurance coverage required by this Section 7. In the event that Developer fails or refuses to obtain or maintain the required insurance coverage from an insurance carrier acceptable to Franchisor, or to maintain it throughout the term of this Agreement, Franchisor may, as its sole and absolute right and without any obligations to do so, procure such coverage for Developer. In such event, Developer shall pay the required premiums or reimburse Franchisor for such premiums and any related fees or costs upon written demand. The amount of such premiums and any related costs shall be set forth in a written invoice delivered to Developer by Franchisor. Developer shall reimburse Franchisor for the invoice amount within seven (7) days after the invoice has been delivered to Developer pursuant to Section 21.1 of this Agreement. Failure to maintain the required insurance or to promptly reimburse Franchisor for any premiums and any related fees or costs paid on behalf of Developer by Franchisor shall constitute a default hereunder. Should Franchisor elect to obtain such coverage for Developer, then Developer will assist Franchisor by providing the necessary information and access to enable Franchisor to obtain coverage for Developer.

**7.4.** Developer shall defend immediately upon tender of defense, at its own cost, the Franchisor, its subsidiaries, parent and affiliates, shareholders, directors, officers, employees and agents (collectively referred to, for Sections 7.4 and 7.5 only, as “**Franchisor**”), from and against any and all claims, lawsuits, complaints, cross complaints, arbitrations, demands, allegations, costs embraced by indemnity, loss, costs, expenses, internal and external (including internal and external attorneys’ fees), liens and damages (collectively referred to, for Sections 7.4 and 7.5 only, as “**Losses**”), however caused, and reimburse Franchisor for all costs and expenses, internal and external (including internal and external attorneys’ fees) incurred by the Franchisor in defense of any Losses, resulting directly or indirectly from or pertaining to or arising out of, or alleged to arise out of, or in connection with Developer’s activities under this Agreement, including, without limitation, any labor or employee-related claims whatsoever, (including, claims made by an employee of Developer resulting from the employee’s training in a Franchisor operated facility or restaurant) and Developer’s failure for any reason to fully inform any third party of Developer’s lack of authority to bind the Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in any restaurant to be developed under this Agreement, whether or not discoverable by Franchisor, (b) those arising from the death of or injury to any person, and (c) those arising from damage to the property of Developer or the Franchisor, or any third party, whether or not any of the foregoing is a result of any strict liability imposed on Franchisor by fact, law, statute, or ordinance. Developer further agrees that Developer’s duty to defend the Franchisor is separate from, independent of and free-standing of Developer’s duty to indemnify the Franchisor and applies whether the issue of Developer’s negligence, breach of contract, or other fault or obligation has been determined. Developer’s duty to defend is regardless of the outcome of liability even if Developer is ultimately found not negligent and not dependent on the ultimate resolution of issues arising out of Losses.

**7.5.** Developer shall indemnify and hold harmless the Franchisor (as defined above) from and against any and all Losses (as defined above), however caused, resulting directly or indirectly from or pertaining to or arising out of or in connection with Developer's activities under the Development Agreement, including, without limitation, any labor or employee-related claims whatsoever (including any claims made by an employee of Developer resulting from the employee's training in a Franchisor operated facility or restaurant) and Developer's failure for any reason to fully inform any third party of Developer's lack of authority to bind the Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in any restaurant to be developed under this Agreement, whether or not discoverable by Franchisor (b) those arising from the death of or injury to any person and (c) those arising from damage to the property of Developer or the Franchisor, or any third party, whether or not any of the foregoing is a result of any strict liability imposed on Franchisor by fact, law, statute, or ordinance. Developer further agrees to indemnify and hold harmless Franchisor from all said Losses and shall pay for and be responsible for all said Losses, however caused, whether by any individual, employee, third person or party, vendor, visitor, invitee, trespasser or any firm or corporation whatsoever, whether caused by or contributed to by Franchisor, the combined conduct of Developer and Franchisor, or active or passive negligence of Franchisor, but for the sole negligence or willful misconduct of Franchisor.

**7.6.** The provisions of this Section 7 shall expire as to each El Pollo Loco® Restaurant to be developed under this Agreement upon execution of a Franchise Agreement for such El Pollo Loco® Restaurant. The provision of the Franchise Agreement, in particular, Section 9 thereof (insurance and Indemnification) shall supersede this Section 7 and govern the rights and obligations of the parties prospectively.

## **8. TRANSFER OF RIGHTS.**

**8.1.** This Agreement shall inure to the benefit of Franchisor and its successors and assigns, and it is fully assignable by Franchisor.

**8.2.** The parties acknowledge and agree that this Agreement is personal in nature with respect to Developer, being entered into by Franchisor in reliance upon and in consideration of the personal skills, qualifications and trust and confidence reposed in Developer and Developer's present partners, managing members or officers if Developer is a partnership, a limited liability company or a corporation. Therefore, the rights, privileges and interests of Developer under this Agreement shall not be assigned, sold, transferred, leased, divided or encumbered, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise without the prior written consent of Franchisor, which consent may be given or withheld as Franchisor's sole and absolute right. For purposes of this Section, a sale of stock, or any membership or partnership interest in Developer, or a merger or other combination of Developer shall be considered a transfer of Developer's interest prohibited hereunder. To request Franchisor's approval for an assignment or other transfer of this Agreement, Developer shall pay an administrative

fee of \$10,000 per request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid the earlier of (i) upon Developer's signing of the assignment documentation or (ii) upon receipt of invoice in connection with the assignment documentation of such transfer for each permitted transfer ("**Developer Transfer Administration Fee**"). Notwithstanding the foregoing, Developer shall be permitted to assign business organizations to serve as Franchisee after Developer individually executes the Franchise Agreements, provided the ownership mirrors that of Developer (e.g., Developer consists of persons A (50%), B (25%) and C (25%)). Franchisee also must be owned and controlled by the same three (3) persons with each retaining the same percentage of ownership). All other entity structures shall require the prior written approval of Franchisor. To request an assignment of this Agreement to a business organization that mirrors the current ownership, Developer shall pay an administrative fee of \$500 per request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Developer's signing of the assignment documentation or (ii) upon receipt of invoice in connection with the assignment documentation of such transfer ("**Entity Administration Fee**"). Where Developer desires to request to add new principals to the Developer or any Franchisee entity, Developer shall pay to Franchisor an additional \$2,500 per new principal to cover Franchisor's administrative costs for reviewing the application and suitability of each new principal as participants in the franchise business, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Developer's signing of the documentation adding the new principal(s) or (ii) upon receipt of invoice in connection with the documentation of such addition ("**New Principal Administration Fee**"). For the avoidance of doubt, the Developer Transfer Administration Fee, Entity Administration Fee and New Principal Administration Fee (including the reimbursement of Franchisor's reasonable attorneys' fee) is payable whether or not the Developer's request is granted.

## **9. ACKNOWLEDGMENT OF SELECTED TERMS AND PROVISIONS OF THE FRANCHISE AGREEMENT.**

**9.1.** Developer represents that it has read each of the terms and provisions of the current form of Franchise Agreement and acknowledges and is willing to agree to each and every obligation of Franchisee thereunder (as they may be modified in then-current forms of Franchise Agreement) including, but not limited to:

**a.** The obligation to deliver executed Personal Guarantees or Investor Covenants Regarding Confidentiality and Non-Competition in connection with the execution of each franchise agreement for El Pollo Loco® Restaurants to be developed under this Agreement;

**b.** The obligation to obtain the consent of Franchisor to any security interests to be granted by Developer in the assets or business of the El Pollo Loco® Restaurant to lenders or other financing sources in advance of any agreement to provide those security interests to such third parties;

**c.** All in-term and post-term restrictive covenants; and

d. All territorial rights, options and rights of first refusal retained by Franchisor under the franchise agreement.

## **10. TERMINATION BY DEVELOPER; EXPIRATION DATE.**

**10.1.** This Agreement shall terminate immediately upon Franchisor's receipt of Developer's notice to terminate. In such event, the Development Fee shall be forfeited to Franchisor in consideration of the rights granted in the Territory up to the time of termination. Notwithstanding any provision to the contrary contained herein, unless earlier terminated by either party, this Agreement shall **expire on \_\_\_\_\_, 20\_\_\_\_**, and all rights of Developer herein shall cease and all unapplied or unused Development Fees paid pursuant to Section 3 hereof shall be forfeited to Franchisor.

## **11. EVENTS OF DEFAULT.**

**11.1.** The following events shall constitute a default by Developer, which shall result in Franchisor's right to declare the immediate termination of this Agreement.

a. Failure by Developer to meet the requirements of the Development Schedule within the time periods specified therein, including failure by Developer to meet the Site Commitment Date or Opening Date for each site for an El Pollo Loco® Restaurant in a timely manner as set forth in Exhibit B and Section 2 above.

b. Any assignment, transfer or sublicense of this Agreement by Developer without the prior written consent of Franchisor.

c. Any violation by Developer of any covenant, term, or condition of any note or other agreement (including any Franchise Agreement) between Developer and Franchisor (or an affiliate of Franchisor), the effect of which is to allow Franchisor to terminate (or accelerate the maturity of) such agreement before its stated termination (or maturity) date.

d. Developer's assignment for the benefit of creditors or admission in writing of its inability to pay its debts generally as they become due.

e. Any order, judgment, or decree entered adjudicating Developer bankrupt or insolvent.

f. Any petition, or application, by Developer to any tribunal for the appointment of a trustee, receiver, or liquidator of Developer (or a substantial part of Developer's assets), or commencement by Developer of any proceedings relating to Developer under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereinafter in effect.

g. Any filing of a petition or application against Developer, or the

commencement of such proceedings, in which Developer, in any way, indicates its approval thereof, consent thereto, or acquiescence therein; or the entry of any order, judgment, or decree appointing any trustee, receiver, or liquidator, or approving the petition in any such proceedings, where the order, judgment, or decree remains unstayed and in effect for more than thirty (30) days.

**h.** Any entry in any proceeding against the Developer of any order, judgment, or decree, which requires the dissolution of Developer, where such order, judgment, or decree remains unstayed and in effect for more than thirty (30) days.

**i.** Developer's voluntary abandonment of any of Developer's restaurants.

**11.2.** The following events shall constitute a default by Developer, which shall result in Franchisor's right to declare the termination of this Agreement, if such default is not cured within thirty (30) days after written notice by Franchisor to Developer:

**a.** Developer's default in the performance or observance of any covenant, term, or condition contained in this Agreement not otherwise specified in Section 11.1 above.

**b.** The creation, incurrence, assumption, or sufferance to exist of any lien, encumbrance, or option whatsoever upon any of Developer's property or assets, whether now owned or hereafter acquired, the effect of which substantially impairs Developer's ability to perform or observe any covenant, term, or condition of this Agreement.

**c.** Refusal by Developer or Developer's partners, members, or shareholders to enter individually into the then-current form of Franchise Agreements and Personal Guarantee as provided in Section 1 above.

**d.** Any change, transfer or conveyance ("**Transfer**") in the ownership of Developer, which Transfer has not been approved in advance by Franchisor. Franchisor reserves the right to approve or disapprove any Transfer as its sole and absolute right.

**11.3.** If Franchisor is entitled to terminate this Agreement in accordance with Sections 11.1 or 11.2 above, Franchisor shall also have the right to undertake the following action instead of terminating this Agreement:

**a.** Franchisor may terminate or modify any rights that Developer may have with respect to protected exclusive rights in the Territory, as granted under Section 1.1 above, effective ten (10) days after delivery of written notice thereof to Developer.

**11.4.** If any of Developer's rights are terminated or modified in accordance with

Section 11.3, such action shall be without prejudice to Franchisor's right to terminate this Agreement in accordance with Sections 11.1 or 11.2 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

## **12. EFFECT OF TERMINATION.**

**12.1.** Immediately upon termination or expiration of this Agreement, for any reason, all of Developer's development rights granted pursuant to this Agreement shall revert to Franchisor. At the time of termination, only restaurants operating or to be operated under the El Pollo Loco® System by virtue of a fully executed Franchise Agreement shall be unaffected by the termination of this Agreement. Franchisor shall have no duty to execute any Franchise Agreement with Developer after the termination of this Agreement. The foregoing remedies are nonexclusive, and nothing stated in this Section 12 shall prevent Franchisor's pursuit of any other remedies available to Franchisor in law or at equity due to the termination of this Agreement.

**12.2.** Developer understands and agrees that upon the expiration or termination of this Agreement (or in the event of an exclusive development agreement, the failure of Developer to meet the Development Schedule and the resulting loss of exclusive development rights), Franchisor or its subsidiaries or affiliates, as their sole and absolute right, may open and/or operate restaurants in the Territory, or may authorize or franchise others to do the same, whether it is in competition with or in any other way affects the sales of Developer at the Developer's El Pollo Loco® Restaurants. In addition, upon termination or expiration of this Agreement, or if Developer's rights herein are terminated or modified pursuant to Section 11.1 or Section 11.2, above, all unapplied or unused Development Fees paid pursuant to Section 3 hereof shall be forfeited to Franchisor and Developer shall have no claim or right to any such Development Fees.

## **13. NON-WAIVER.**

**13.1.** Franchisor's consent to or approval of any act or conduct of Developer requiring such consent or approval shall not be deemed to waive or render unnecessary Franchisor's consent to or approval of any subsequent act or conduct hereunder.

## **14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.**

**14.1.** This Agreement does not constitute Developer an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever, and it is understood between the parties hereto that Developer shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor. The parties agree that this Agreement does not create a fiduciary relationship between them.

**14.2.** Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, or any other obligation of Developer arising out of or in any way related to

this Agreement. Developer shall indemnify, defend and hold harmless Franchisor against any such claim and the cost of defending it arising directly or indirectly from or as a result of, or in connection with, Developer's actions pursuant to this Agreement.

## **15. ENTIRE AGREEMENT.**

**15.1.** This Agreement, including **Exhibits A, B, C and D** attached hereto, constitutes the entire full and complete agreement between Franchisor and Developer concerning the subject matter hereof and supersedes any and all prior written agreements. No other representations have induced Developer to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties, not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). The provisions of this Agreement may not be contradicted by any other statement concerning the subject matter herein. No amendment or modification of this Agreement shall be binding on either party unless written and fully executed.

**15.2.** This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between Developer and Franchisor on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that Franchisor furnished to Developer.

## **16. DISPUTE RESOLUTION**

**16.1.** Initial Meeting and Mediation - Except as otherwise provided in this Agreement, before any legal action is filed involving any claim or controversy between Franchisor and Developer (including its affiliates, investors, and Owners) relating to (a) this Agreement, (b) the parties business activities conducted as a result of this Agreement, or (c) the parties' relationship or business dealings with each other generally, the following procedure shall be complied with:

**a.** The party wishing to resolve a dispute shall initiate negotiation proceedings by first requesting in writing a meeting with the other party or parties. Within forty-five (45) days of receipt of the initial request for a meeting, the parties shall meet within the county in which Developer is then located, to discuss and negotiate toward a resolution of the controversy.

**b.** If negotiation efforts do not succeed, the parties shall engage in mandatory but non-binding mediation by a mediator jointly chosen by the parties or if the parties cannot agree upon a mediator, appointed by, and in accordance with the procedures of, JAMS or, if JAMS is no longer in existence, an organization of similar quality

**c.** A mediation meeting will be held at a place and at a time mutually agreeable to the parties and the mediator. The Mediator will determine and control the format and procedural aspects of the mediation meeting which will be designed to ensure that both the mediator and the parties have an opportunity to present and hear an oral presentation of each party's views regarding the matter in controversy. The parties act in good faith to resolve the controversy in mediation.

**d.** The mediation will be held as soon as practicable after the negotiation meeting is held. The mediator will be free to meet and communicate separately with each party either before, during or after the mediation meeting within 60 days of demand by either party.

**16.2.** At the election of the Franchisor, the provisions of this Section 16 shall not apply to controversies relating to any fee due the Franchisor by Developer or its affiliates, any promissory note payments due the Franchisor by Developer, or any trade payables due the Franchisor by Developer as a result of the purchase of equipment, goods or supplies. The provisions of this Section 16 shall also not apply to any controversies relating to the use and protection of the El Pollo Loco® Marks, the Manual or the El Pollo Loco® System, including without limitation, the Franchisor's right to apply to any court of competent jurisdiction for appropriate injunctive relief for the infringement of the El Pollo Loco® Marks or the El Pollo Loco® System.

**16.3.** In the event of the bringing of any action by either party against the other arising out of or in connection with this Agreement or the enforcement thereof, or by reason of the breach of any term, covenant or condition of this Agreement on the part of either party, the party in whose favor final judgment is entered shall be entitled to have and recover from the other party reasonable attorneys' fees (internal and external) plus costs and expenses (internal and external) reasonably incurred from commencing, and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements), the amount to be fixed by the court rendering such judgment.

## **17. SEVERABILITY.**

**17.1.** Each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation, by any court or agency having valid jurisdiction, then such shall be deemed not to be a part of this Agreement, but such shall not impair the operation of, or affect the

remaining portions, sections, parts, terms and/or provisions of this Agreement, which will continue to be given full force and effect and bind the parties hereto.

## **18. APPLICABLE LAW; CHOICE OF FORUM; WAIVER OF JURY TRIAL.**

**18.1.** This Agreement, after review by Developer and Franchisor, was accepted in the state in which Franchisor's then-current headquarters (currently the State of California) is located and shall be governed by and construed in accordance with the laws of such state, except that the provisions in Section 20.1 covering competition following the expiration, termination or assignment of this Agreement shall be governed by the laws of the state in which the breach occurs. **THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST EACH OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, WILL BE BROUGHT WITHIN THE STATE IN WHICH FRANCHISOR'S HEADQUARTERS (CURRENTLY THE STATE OF CALIFORNIA) IS THEN LOCATED. THE PARTIES HEREBY WAIVE ANY RIGHT TO DEMAND OR HAVE TRIAL BY JURY IN ANY ACTION RELATING TO THIS AGREEMENT IN WHICH THE FRANCHISOR IS A PARTY. THE PARTIES CONSENT TO THE EXERCISE OF PERSONAL JURISDICTION OVER THEM BY SUCH COURTS AND TO THE PROPRIETY OF VENUE OF SUCH COURTS FOR THE PURPOSE OF CARRYING OUT THE PROVISION, AND THEY WAIVE ANY OBJECTION THAT THEY WOULD OTHERWISE HAVE TO THE SAME. ANY ACTION BETWEEN DEVELOPER AND FRANCHISOR SHALL INVOLVE ONLY THE INDIVIDUAL CLAIMS OF DEVELOPER AND SHALL NOT INVOLVE ANY CLASS, GROUP, CONSOLIDATED, REPRESENTATIVE OR ASSOCIATIONAL ACTION. NOTHING IN THIS SECTION 18.1 IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE OR SIMILAR LAW, RULE OR REGULATION TO WHICH THIS AGREEMENT WOULD NOT OTHERWISE BE SUBJECT.**

## **19. DOCUMENT INTERPRETATION.**

**19.1.** All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include the singular or plural tense, and any gender, whether masculine, feminine or neuter, as the context or sense of this Agreement or any paragraph or clause may require, the same as if such words had been fully and properly written in the appropriate number or gender. In the event of a conflict in the language, terms, or conditions between this Agreement and any Franchise Agreement issued pursuant to this Agreement, the Franchise Agreement shall control.

## **20. COVENANT NOT TO COMPETE.**

**20.1.** To further protect the El Pollo Loco® System while this Agreement is in effect, Developer and each officer, director, shareholder, member, manager, partner and other equity owner, as applicable, of Developer, if Developer is an entity, shall neither directly nor indirectly own, operate, control or any financial interest in any other business

which would constitute a “**Competitive Business**” (as hereinafter defined) without the prior written consent of Franchisor; provided further, that Franchisor may, as its sole and absolute right, consent to the Developer’s continued operation of any business already in existence and operating at the time of execution of this Agreement. In addition, Developer covenants that, except as otherwise approved in writing by the Franchisor, Developer shall not, for a continuous, uninterrupted period commencing upon the expiration, termination or assignment of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, own, operate, control or have any financial interest in any Competitive Business which is located or has outlets or restaurant units within the Territory. The foregoing shall not apply to operation of an El Pollo Loco® restaurant by Developer pursuant to a Franchise Agreement with Franchisor or the ownership by Developer of less than five percent (5%) of the issued or outstanding stock of any company whose shares are listed for trading on any public exchange or on the over-the-counter market, provided that Developer does not control or become involved in the operations of any such company. For purposes of this Section 20.1, a Competitive Business shall mean a self-service restaurant or fast-food business which sells chicken and/or Mexican food products, which products individually or collectively represent more than twenty percent (20%) of the revenues from such self-service restaurant or fast-food business operated at any one location during any calendar quarter. A “**Competitive Business**” shall not include a full-service restaurant.

**20.2.** In the event that any provision of Section 20.1 above shall be determined by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall not be void, but such provision shall be limited to the extent necessary to make it valid and enforceable.

**20.3.** Developer understands and acknowledges that Franchisor shall have the right to reduce the scope of any obligation imposed on Developer by Section 20.1, without Developer’s consent, and that such modified provision shall be effective upon Developer’s receipt of written notice thereof.

**20.4.** Developer acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of a preliminary and permanent injunction prohibiting any conduct by Developer in violation of the terms of those covenants not to compete set forth in this Agreement. Developer expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through Developer’s unlawful utilization of Franchisor’s Confidential Information, know-how, methods and procedures

## **21. NOTICES.**

**21.1.** For the purpose of this Agreement, all notices shall be in writing and shall

be sent to the party to be charged with receipt thereof either (i) served personally, or (i) sent by certified or registered United States mail, or (ii) sent by reputable overnight delivery service, or (iv) sent by facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given forty-eight (48) hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. All notices to Franchisor shall be addressed as follows:

El Pollo Loco, Inc.  
Attn: Legal Department re: DA# \_\_\_\_\_  
3535 Harbor Blvd, Suite 100  
Costa Mesa, CA 92626  
(714) 599-5503 (fax)

**21.2.** All notices to Developer shall be faxed and mailed or sent via overnight service to the Developer's number and address shown on **Exhibit B**. Either party may from time to time change its address for the purposes of this Section by giving written notice of such change to the other party in the manner provided in this Section. Notwithstanding anything to the contrary contained herein, the Franchisor may deliver bulletins and updates to the Developer by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor.

## **22. SECTION HEADINGS.**

**22.1.** The section headings appearing in this Agreement are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this Agreement.

## **23. ACKNOWLEDGMENTS.**

**23.1.** Developer acknowledges that it has received a complete copy of the El Pollo Loco® Franchise Disclosure Document, issuance date March 27, 2024 (Control No. 032724) at least fourteen (14) calendar days prior to the date on which this Agreement was executed by Developer or payment of any monies to the Franchisor.

**23.2.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**24. COUNTERPARTS.**

**24.1.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

**25. COMPLIANCE WITH LAWS, RULES OR REGULATIONS.**

**25.1.** Developer shall at all times develop El Pollo Loco® restaurant(s) in the Territory in accordance with the lease or sublease, if any, for the El Pollo Loco® restaurant(s) and in accordance with all applicable federal, state or local laws, rules, or regulations, including, but not limited to, OSHA related safety training and compliance. Any citations or penalties issued shall be the sole responsibility of Developer.

**SIGNATURE PAGE(S) TO FOLLOW**

**26. SIGNATURES.**

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed and delivered this El Pollo Loco® Franchise Development Agreement in duplicate original as of the dates set forth below.

FRANCHISOR:

**El Pollo Loco, Inc.**, a Delaware Corporation

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

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

DEVELOPER:

\_\_\_\_\_, a \_\_\_\_\_

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

**EXHIBIT A TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT -  
TERRITORY**

**EXHIBIT B TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT - DEVELOPMENT SCHEDULE**

**DEVELOPER NAME:**

**NOTICE ADDRESS:**

**OFFICE PHONE:**

**OFFICE FAX:**

**PRINCIPAL1:**

**PRINCIPAL1 MOBILE & EMAIL:**

**PRINCIPAL2:**

**PRINCIPAL2 MOBILE & EMAIL:**

**COMMENCEMENT DATE:**

**EXPIRATION DATE:**

**TOTAL DEVELOPMENT FEE:**

**DEVELOPMENT SCHEDULE:**

<b>RESTAURANT NUMBER</b>	<b>INITIAL FRANCHISEE AMOUNT<sup>1</sup></b>	<b>RESAC SUBMITTAL DATES</b>	<b>SITE COMMITMENT DATES (Date for delivery of signed leases or purchase agreements)</b>	<b>OPENING DATE OF RESTAURANT</b>
Restaurant #1	\$40,000.00			
Restaurant #2	\$30,000.00			
Restaurant #3	\$30,000.00			

\_\_\_\_\_

<sup>1</sup> Initial Franchise Fee is the total amount applicable to this unit, without applying the Development Fee deposited with Franchisor at the time of execution of this Agreement.

**EXHIBIT C TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT -  
EXISTING EL POLLO LOCO® RESTAURANTS IN THE TERRITORY**

**EXHIBIT D TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT –  
DEVELOPMENT INCENTIVES (IF APPLICABLE)**

**FIRST AMENDMENT TO EL POLLO LOCO® FRANCHISE DEVELOPMENT  
AGREEMENT**

**THIS FIRST AMENDMENT TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT (“Amendment”)** is made and entered into this \_\_\_\_\_, 20\_\_\_\_, by and between **El Pollo Loco, Inc.**, a Delaware corporation (“**Franchisor**”), with its principal place of business at 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626 and \_\_\_\_\_, a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Developer**” or “**You**”).

**RECITALS:**

- A. Franchisor and Developer entered into an El Pollo Loco® Franchise Development Agreement # \_\_\_\_\_ dated \_\_\_\_\_, 20\_\_\_\_ (“**Development Agreement**”).
- B. Developer has met the conditions to be eligible for the Development Incentive Program.
- C. Franchisor and Developer wish to modify the terms of the Development Agreement as described in this Amendment.

**AGREEMENT:**

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations herein contained, the parties hereto agree as follows:

1. Recitals. Recitals listed above are incorporated herein and by this reference made a part of this Amendment.
2. Development Incentive Program - Reduced Royalty and Reduced Advertising Fee. If You qualify for the development incentive program and You open new Restaurants developed under the Development Agreement during the calendar years 2024, 2025 or 2026, the Royalty and Advertising Fee will be reduced as detailed in the table below. If You open (a) Restaurant(s) developed under the Development Agreement, during 2027 and subsequent years, or You are currently operating (an) existing El Pollo Loco® Restaurant(s) as an El Pollo Loco® franchisee, You will not be eligible for the reduced Royalty and reduced Advertising Fee. The reduced Royalty and reduced Advertising Fee shall be assignable subject to the terms of the Franchise Agreement. If the Restaurant closes at the Location, the reduced Royalty and reduced Advertising Fee will terminate. If the Restaurant relocates to another location in accordance with Franchisor’s site selection and approval procedures, the (non-reduced)

Royalty and Advertising Fee will apply.

Applicable Time Period (Measured from the Opening Date)	Reduced Royalty	Reduced Advertising Fee
Year 1	2.5%	2.5%
Year 2	2.5%	2.5%
Year 3	2.5%	2.5%
Year 4	3.5%	3.5%
Year 5	4.5%	4.5% (or 4% if in LA DMA)
Year 6 and subsequent years	5.0%	5.0% (or 4% if in LA DMA)

**3. Development Incentive Program – Reduced Initial Franchise Fees (“IFF”).** Provided that (a) You qualify for the development incentive program; (b) You open a new Restaurant developed under the Development Agreement during the calendar years 2024, 2025 or 2026 and (c) You remain in good standing with Franchisor during the term of all Agreements do not default on Your obligations under any of the Agreements, then Franchisor shall reduce the IFF to \$20,000 for the application Franchise Agreements.

**4. Development Fees.** The following is added after Section 3.1 of the Development Agreement:

**3.2. Deferral and Conditional Abatement of Development Fees.** Developer’s obligation to pay the total Development Fees (“DF”) due pursuant to the Development Agreement is hereby deferred and conditionally abated in accordance with the terms and conditions of this Amendment (collectively, the “**Deferred DF**”) listed below:

**a.** Except for the Deferred DF (which shall be paid in accordance with this Amendment), Developer shall have the continuing obligation to pay, as and when due under the Development Agreement, all other monetary obligations of Developer under the Development Agreement.

**b.** Provided Developer is not in default under its obligations under this Amendment, the Development Agreement or any other agreement between Developer (or its related affiliates) and Franchisor (collectively, the “**Agreements**”), the DF shall be deferred, due and payable in one (1) lump sum payment upon the expiration of the Development Agreement listed on Exhibit B. At Franchisor’s option (but without obligation to exercise such right), the entire Deferred DF shall become immediately due and payable, upon Developer’s default under any of the Agreements.

**3.3. Terms and Conditions for the Abatement of Development Fees by Franchisor:** Developer agrees that Developer will be eligible for the full abatement of Deferred DF provided Developer remains in good standing with Franchisor during the term of all Agreements and Developer does not default on its obligations under any of the Agreements.

**3.4. Assignment of Deferred DF.** Franchisor's agreement herein as to the Deferred DF (i) is specific consideration given only to the undersigned Developer and is personal to the undersigned Developer and, at Franchisor's sole election, shall be null and void and of no further force or effect in the event of any transfer of the Development Agreement in whole or in part by assignment or subletting or otherwise, and (ii) is not a waiver or forgiveness of the Deferred DF and shall not reduce the amount of DF due under the Development Agreement.

**3.5. Waivers.** As a material inducement to cause Franchisor to agree to the deferring and/or abating of the Deferred DF as provided herein, Developer knowingly and intentionally waives and agrees not to assert or raise any claims, whether at law, equity or otherwise, to release, and forever discharges Franchisor, and all Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the Commencement Date hereof (collectively, the "**Claims**"), which Developer now has or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Amendment, Development Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Developer which arises on or before the date hereof insofar as said claims relate to the Development Agreement or any other agreement between Developer and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

With respect to the Claims, Developer acknowledges that Developer has either been advised by legal counsel or has made itself familiar with the provisions of California Civil Code section 1542. It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code, or any similar provisions, are hereby expressly waived. Such statute reads as follows:

**“SECTION 1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

Developer, being aware of the foregoing code section, hereby expressly waives any rights Developer may have thereunder, as well as under any other statutes or common-law principles of similar effect, pertaining to the Claims. Developer voluntarily waives all benefits and protections of Civil Code Section 1542, and any comparable law, and intends the release above to apply to known and unknown claims alike. Developer certifies Franchisor is not in breach or default and Developer does not have any claims, defenses, offsets or credits against Franchisor or the DF due under the Development Agreement.

**5. Entire Agreement.** This Amendment and the Development Agreement embodies the entire understanding between Franchisor and Developer with respect to the modifications set forth above and can be changed only by a writing signed by Franchisor and Developer. Except as modified herein, all the terms and conditions of the Development Agreement shall be unaffected and remain in full force and effect. In the event of any inconsistency between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall control.

Miscellaneous. All capitalized terms not otherwise defined in this Amendment shall have the meanings given in the Development Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Amendment. The parties hereto acknowledge that they have read and fully understand the provisions of this Amendment and that said provisions constitute a complete and exclusive expression of its terms and conditions. The parties executing this Amendment on behalf of Franchisor and Developer are duly authorized to do so. This Amendment may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Amendment transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed and delivered this First Amendment to El Pollo Loco® Franchise Development Agreement in duplicate original as of the date(s) set forth below.

FRANCHISOR:

**El Pollo Loco, Inc.**, a Delaware Corporation

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

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

DEVELOPER:

\_\_\_\_\_, a \_\_\_\_\_

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

EXHIBIT G: OPERATIONS MANUAL

Table of Contents for Standard Operating Procedures, Recipe and Build Cards, and Cleaning Program Procedures Binder

EL POLLO LOCO OPERATIONS SERVICES

# OPERATIONS MANUAL

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El Pollo Loco Costa Mesa, CA



Operator has previously affirmed in writing the understanding and agreement that strict adherence to this Operations Manual, standards, policies, procedures, recipes, employee uniforms, signs, menu boards, and related items are essential to the value of the El Pollo Loco system and the El Pollo Loco marks. Failure to comply with all requirements contained herein and other requirements that may be published from time to time or brought to operator's attention for the operation, maintenance, or improvement of El Pollo Loco restaurants may result in the default or termination of operator's rights under such written agreement.

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## **COLD PREP**





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# Cleaning Procedures & SDS Manual



0000-35590



## Cleaning Procedures & SDS Manual

Automatic Equipment Program



© 2023 P&G

(Last Updated: 05/04/2023)

1-800-332-RSVP (7787)

0000-35590



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213) DCT Delimer Powder - Made from Concentrate

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DESIGNATED OPERATOR- TRAINING OVERVIEW					
Training Time	Hands-On Training	Classroom Time	Quiet Time	Review & Recap	Total Hours
Week 1	Opening Grill Master Role	EPL Culture & Behaviors Food Safety	OPS Manual Review PZ Certifications	Evaluation	40
Week 2	Closing Grill Master Role	Food Safety	OPS Manual Review PZ Certifications	Evaluation	40
Week 3	Opening Hot Prep Role/CP Role	Beyond Inventory Management PIR/SIR	OPS Manual Review PZ Certifications	Evaluation	40
Week 4	Closing Cold Prep/ELQ Role	Customer Connection	OPS Manual Review PZ Certifications	Evaluation	40
Week 5	Opening FLC, FLE, LCC Role	Customer Service	OPS Manual Review PZ Certifications	Evaluation	40
Week 6	Closing DTO, DTC, DTE Role	Deployment	OPS Manual Review PZ Certifications	Evaluation	40
Week 7	Opening Manager Shift	Recruiting Floor Management	OPS Manual Review PZ Certifications	Evaluation	40
Week 8	Opening Manager Shift	Scheduling Floor Management	OPS Manual Review PZ Certifications	Evaluation	40
Week 9	Opening Manager Shift	EPL Reports & Tools Floor Management	N/A	Evaluation	40
Week 10	Opening Manager Shift	Floor Management	N/A	Evaluation	40
Week 11	On The Job- Run the Restaurant	N/A	N/A	Evaluation	40
Week 12	On The Job- Run the Restaurant	N/A	N/A	Evaluation	40
Week 13	Shadow a Company Operations Leader	Area Leader Essentials	N/A	Evaluation	40
Week 14	Shadow a Franchise Owner	Franchise Essentials	N/A	Evaluation	40
Note 1: Classroom Time are included in the total hours and take place at the training location.					
Note 2: Hours of Hands-On Training take place in the training location.					

## EXHIBIT H: TRAINING OVERVIEW OUTLINE AND SCHEDULE

<b>MANAGEMENT (GENERAL MANAGER/ASSISTANT MANAGER/SHIFT LEADER)- TRAINING OVERVIEW</b>					
<b>Training Time</b>	<b>Hands-On Training</b>	<b>Classroom Time</b>	<b>Quiet Time</b>	<b>Review &amp; Recap</b>	<b>Total Hours</b>
Week 1	Opening Grill Master Role	EPL Culture & Behaviors, Food Safety	OPS Manual Overview Pollo Zone Certifications	Evaluation	40
Week 2	Opening Grill Master Role	Food Safety Safety	OPS Manual Overview Pollo Zone Certifications	Evaluation	40
Week 3	HP Role, Cold Prep Role, ELQ Role	Beyond-Management, PIR/SIR	OPS Manual Overview Pollo Zone Certifications	Evaluation	40
Week 4	FLC, FLE, LCC Role	Customer Connection	OPS Manual Overview Pollo Zone Certifications	Evaluation	40
Week 5	DTO, DTC, DTE	Deployment	OPS Manual Overview Pollo Zone Certifications	Evaluation	40
Week 6	Opening Manager Shift	Recruiting Floor Management	OPS Manual Overview	Evaluation	40
Week 7	Mid Manager Shift	Scheduling Floor Management	Open	Evaluation	40
Week 8	Closing Manager Shift	EPL Reports & Tools Floor Management	Open	Evaluation	40
Note 1: Classroom Time are included in the total hours and take place at the training location.					
Note 2: Hours of Hands-On Training take place in the training location.					

<b>FRANCHISE OWNER- TRAINING OVERVIEW</b>					
<b>Training Time</b>	<b>Hands-On Training</b>	<b>Classroom Time</b>	<b>Quiet Time</b>	<b>Location</b>	<b>Total Hours</b>
5 Days	Grill Master Role Hot Prep Role ELQ Role FLC/FLE/LCC Role DTO/DTC/DTE Role	Meet Department Leads	Tour Company & Franchise Area	Costa Mesa, CA	40
Note 1: Location of Company & Franchise Area to be toured to be determined by Franchisor.					

## EXHIBIT I: INVESTOR COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION

### Statement of Ownership of Franchisee:

Name of Principal/Investor	Percentage of Ownership Interest

In conjunction with your investment in \_\_\_\_\_ a \_\_\_\_\_ ("**Developer**"), you ("**Investor**" or "**You**"), acknowledge and agree as follows:

1. Developer owns and operates, or is developing, pursuant to a development agreement dated \_\_\_\_\_ ("**Development Agreement**") with El Pollo Loco, Inc. ("**EPL**"), which Franchise Development Agreement requires persons with legal or beneficial ownership interests in Developer under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Development Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Development Agreement.

2. You own or intend to own a certain percentage of legal or beneficial ownership interest (as described above) in Developer and acknowledge and agree that your execution of this Agreement is a condition to such ownership interest and that you have received good and valuable consideration for executing this Agreement. EPL may enforce this Agreement directly against you and your Owners (as defined below).

3. If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you ("**Owners**") must also execute this Agreement.

4. You and your Owners, if any, may gain access to parts of EPL's Confidential Information as a result of investing in Developer. The Confidential Information is proprietary and includes EPL's trade secrets. You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in franchise and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or your Owners cease to have an interest in franchisee, you and our Owners, if any, must deliver to EPL any such Confidential Information in your or their possession.

5. During the term of the Development Agreement and during such time as you and your Owners, if any, have any legal or beneficial ownership interest in Developer, you and your Owners, if any, agree that you and they will not, without EPL's consent (which consent may be withheld as EPL's sole and absolute right) directly or indirectly

(such as through an Affiliate or through your or their Immediate Families) own any legal or beneficial interest in, or render services or give advice in connection with: (a) any Competitive Business located anywhere, or (b) any entity located anywhere that grants franchises or licenses interest to others to operate any Competitive Business.

6. For a period of two (2) years, starting on the earlier to occur of the date you or your Owners cease to have any legal or beneficial ownership interest in Developer and the effective date of termination or expiration of the Development Agreement, neither you nor any of your Owners directly or indirectly (such as through an Affiliate or through your or their Immediate Families) shall own a legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business operating at or within a radius of five (5) miles of the location of the Restaurant and/or any El Pollo Loco restaurant then in operation or under construction; or (b) any entity that grants franchises or license other interest to others to operate any Competitive Business. If you or any of your Owners fail to or refuse to abide by any of the foregoing covenants and EPL obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two (2) years after the date such person commences compliance with the order enforcing the covenant.

7. You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein, which restricts competitive activity, is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part of all of it, you and we agree that it will be enforce to the fullest extent permissible under applicable law and public policy. EPL may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of your Owners acknowledges that any violation of Section 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If EPL files a claim to enforce this Agreement and prevails in such proceeding, you agree to reimburse EPL for all its cost and expense, including reasonable attorneys' fees.

8. This Investor Covenants regarding Confidentiality and Non-Competition Agreement ("**Investor Agreement**") may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Investor Agreement transmitted via facsimile or electronic mail/PDF (or equivalent), electronic signature (such as DocuSign, etc. or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement on the dates set forth below.

**INVESTOR:**

If an Individual

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

If a corporation, partnership, limited liability company or other legal entity:

\_\_\_\_\_, a \_\_\_\_\_

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

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

**OWNERS:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: An individual  
Date: \_\_\_\_\_

**EXHIBIT J: LIST OF FRANCHISEES**

Location Number	Company	Primary Contact	Address 1	Address 2	City	ZIP/Postal		MainPhone
						State	Code	
3740	210 Pollo Partners, LLC	S. John Toth	1126 E. 19th Street		Upland	CA	91786	(909) 579-0500
3314	Antonio Ramirez	Antonio Ramirez	81901 Highway 111		Indio	CA	92201	(760) 342-6932
3449	Arcadia Investment, Inc.	Ali (Alex) Ghomizadeh	9974 Las Tunas Dr.		Arcadia	CA	91780	(626) 309-9555
3755	AZ Pollo, Inc.	Phong H. Huynh	5009 W. McDowell Road		Phoenix	AZ	85035	(602) 353-1484
3756	AZ Pollo, Inc.	Phong H. Huynh	6535 W. Indian School Rd.		Phoenix	AZ	85033	(623) 846-0702
3757	AZ Pollo, Inc.	Phong H. Huynh	1715 S. Power Rd.		Mesa	AZ	85206	(480) 218-1116
3758	AZ Pollo, Inc.	Phong H. Huynh	510 E. Bell Rd.		Phoenix	AZ	85022	(602) 548-8513
3759	AZ Pollo, Inc.	Phong H. Huynh	2410 W. Northern Ave.		Phoenix	AZ	85021	(602) 242-8054
3760	AZ Pollo, Inc.	Phong H. Huynh	4102 E. Thomas Rd.		Phoenix	AZ	85018	(602) 955-0791
3761	AZ Pollo, Inc.	Phong H. Huynh	1036 S. Country Club Dr.		Mesa	AZ	85210	(480) 668-6073
3762	AZ Pollo, Inc.	Phong H. Huynh	4325 W. Bethany Home Rd.		Glendale	AZ	85301	(623) 930-7278
3763	AZ Pollo, Inc.	Phong H. Huynh	2253 E. Baseline Rd.		Gilbert	AZ	85234	(480) 539-8163
3801	AZ Pollo, Inc.	Phong H. Huynh	282 N. Lake Havasu Avenue		Lake Havasu City	AZ	86403	(928) 733-6195
3369	BBED, Inc.	Nelson R. Amaya	912 North Vermont Ave.		Los Angeles	CA	90027	(323) 660-7900
3370	BBED, Inc.	Nelson R. Amaya	1909 North Main St.		Santa Ana	CA	92706	(714) 667-0413
3501	Benor Enterprises, Inc.	Benjamin Lugo	1171 W. Whittier Blvd.		La Habra	CA	90631	(562) 694-4430
3537	Cal-Sin Enterprises, Inc.	Jorge Murillo	1906 Lincoln Blvd.		Santa Monica	CA	90405	(310) 392-9800
3471	Cerritos Food Group, Inc.	Clifton I. Shigaki	5959 Cerritos Ave.		Cypress	CA	90630	(714) 484-1317
3781	Chic Pollo, LLC	William E. Engel	483 College Blvd.		Oceanside	CA	92057	(760) 407-8278
3802	Chic Pollo, LLC	William E. Engel	1305 Third Avenue		Chula Vista	CA	91911	(619) 591-1076
3814	Chic Pollo, LLC	William E. Engel	350 W. El Norte Pkwy		Escondido	CA	92026	(760) 466-2461
3815	Chic Pollo, LLC	William E. Engel	3002 El Camino Real		Tustin	CA	92782	(714) 832-1695
3820	Chic Pollo, LLC	William E. Engel	7120 Avendia Encinas	#104	Carlsbad	CA	92011	(760) 431-0770
3825	Chic Pollo, LLC	William E. Engel	5251 Beach Blvd.		Buena Park	CA	90621	(714) 994-1125
3884	Chic Pollo, LLC	William E. Engel	419 Euclid Avenue		San Diego	CA	92114	(760) 721-3110
3800	Chicken Time I, LLC	David Henry	1245 W. Pipeline Road		Hurst	TX	76053	(817) 285-0925
3806	Chicken Time II, LLC	David Henry	2125 North Highway 360		Grand Prairie	TX	75052	(817) 652-2770
3823	Chicken Time III, LLC	David Henry	4050 W Airport Fwy		Irving	TX	75062	(972) 887-3336
3830	Chicken Time IV, LLC	David Henry	4911 S. Cooper Street		Arlington	TX	76017	(817) 472-9730
3832	Chicken Time V, LLC	David Henry	2660 S. State Hwy 161		Grand Prairie	TX	75052	(972) 602-9732
3804	Chicken Time VI, LLC	David Henry	1900 Central Drive		Bedford	TX	76021	(817) 684-9020
3404	Coastal Valley Enterprises, Inc.	Manuel Perales	1259 N Davis Rd.		Salinas	CA	93907	(831) 422-9309
3480	Coastal Valley Enterprises, Inc.	Manuel Perales	2506 International Blvd.		Oakland	CA	94601	(510) 536-4195
3481	Coastal Valley Enterprises, Inc.	Manuel Perales	4401 Clayton Rd.		Concord	CA	94521	(925) 969-9280
3482	Coastal Valley Enterprises, Inc.	Manuel Perales	1090 S White Rd.		San Jose	CA	95127	(408) 729-8797
3514	Coastal Valley Enterprises, Inc.	Manuel Perales	24119 Mission Blvd.		Hayward	CA	94544	(510) 582-7713
3592	Coastal Valley Enterprises, Inc.	Manuel Perales	336 E Market St.		Salinas	CA	93901	(831) 751-2102
3837	Concord Pollo, Inc.	Manuel Perales	1551 Monument Blvd.		Concord	CA	94520	(925) 375-1178
3519	Corona Pollo, LLC	S. John Toth	2331 California Ave.		Corona	CA	92881	(951) 273-1592
3784	Desert Pollo, Inc.	S. John Toth	19380 Bear Valley Blvd.		Apple Valley	CA	92308	(760) 247-5595
3472	Durango Foods, Inc.	Manuel Perales	13139 San Pablo Ave.		Richmond	CA	94805	(510) 234-0097
3462	EPL Ventures, LLC	Mark W. Wright	54 Expressway		Brownsville	TX	78520	(956) 554-3450
3463	EPL Ventures, LLC	Mark W. Wright	601 Nolana Loop		McAllen	TX	78501	(956) 971-8314
3768	EPL Ventures, LLC	Mark W. Wright	2808 W. University Drive		Edinburg	TX	78539	(956) 383-5626
3772	EPL Ventures, LLC	Mark W. Wright	85 E. Alton Gloor Blvd.		Brownsville	TX	78526	(956) 350-3501
3782	EPL Ventures, LLC	Mark W. Wright	400 N. Jackson Rd		Pharr	TX	78577	(956) 702-5656
3695	F. Mak, Inc.	Mike Ara	2200 University Ave.		Riverside	CA	92507	(951) 682-7543
3736	F. Mak, Inc.	Mike Ara	1427 W Glenoaks Blvd.		Glendale	CA	91201	(818) 240-1180
3557	Fairvax Enterprises, Inc.	Manuel Perales	3346 N Texas St.		Fairfield	CA	94533	(707) 425-7725
3685	Fairvax Enterprises, Inc.	Manuel Perales	1450 E. Monte Vista Ave.		Vacaville	CA	95688	(707) 452-8292
3896	FMJJ, Inc.	Gershon Wajntraub	8154 Sunset Blvd.		Hollywood	CA	90046	(323) 443-8233
3917	Fuego Foods, Inc.	Phong H. Huynh	3808 Johnston St		Lafayette	LA	70503	(337) 456-3425
3769	Grilled Choice Foods, Inc.	Mohammad A. Sattar	8030 E. Virginia Street		Reno	NV	89511	(775) 853-6313
3497	Harbor Coast Investments, Inc.	Ali (Alex) Ghomizadeh	1941 Harbor Blvd.		Costa Mesa	CA	92627	(949) 646-4493
3454	Hensha Bell, Inc.	Rich Hendifar	10200 Alondra Blvd.		Bellflower	CA	90706	(562) 866-6669
3935	Hensha Bell, Inc.	Rich Hendifar	800 North Sepulveda Blvd.		Manhattan Beach	CA	90266	(310) 541-9432
3341	Hensha-H, Inc.	Rich Hendifar	14308-14312 Ocean Gate Dr.		Hawthorne	CA	90250	(310) 219-1400
3543	Inland Foods, LLC	Lonnie R. Priester	7756 Haven Ave.		Rancho Cucamonga	CA	91730	(909) 944-6319
3722	JPA Holdings, LLC	Jason Hendifar	1212 Bellflower Blvd.		Long Beach	CA	90815	(562) 985-2362

**EXHIBIT J: LIST OF FRANCHISEES**

Location Number	Company	Primary Contact	Address 1	Address 2	City	State	ZIP/Postal Code	MainPhone
3262	Juan Corona	Juan G. Corona	2201 North Broadway		Los Angeles	CA	90031	(323) 227-9991
3536	Juan Corona	Juan G. Corona	8114 Long Beach Blvd.		South Gate	CA	90280	(323) 583-1475
3844	Ka-Moa, LLC	William E. Engel	16969 Dove Canyon Rd		San Diego	CA	92127	(858) 381-3004
3849	Ka-Moa, LLC	William E. Engel	6121 Mission Gorge Rd.		San Diego	CA	92120	(619) 584-1348
3850	Ka-Moa, LLC	William E. Engel	5415 El Cajon Blvd.		San Diego	CA	92115	(619) 287-6797
3924	Ka-Moa, LLC	William E. Engel	88 Corporate Park		Irvine	CA	92606	(949) 756-0380
3925	Ka-Moa, LLC	William E. Engel	22902 Pacific Park Drive		Aliso Viejo	CA	92656	(949) 916-2619
3926	Ka-Moa, LLC	William E. Engel	25371 Alicia Parkway		Laguna Hills	CA	92653	(949) 460-9379
3927	Ka-Moa, LLC	William E. Engel	2795 Main Street		San Diego	CA	92113	(760) 721-3110
3928	Ka-Moa, LLC	William E. Engel	7087 Broadway		Lemon Grove	CA	91945	(760) 721-3110
3929	Ka-Moa, LLC	William E. Engel	1710 Highland Ave.		National City	CA	91950	(760) 721-3110
3864	Keepin' It Grill LLC, Series I, a separate series	David Henry	8817 North Fwy.		Ft Worth	TX	76177	(817) 232-6080
3865	Keepin' It Grill LLC, Series II, a separate series	David Henry	9425 Forest Lane		Dallas	TX	75243	(214) 575-5533
3866	Keepin' It Grill LLC, Series III, a separate series	David Henry	386 E. Stacy Road		Allen	TX	75002	(469) 854-6525
3867	Keepin' It Grill LLC, Series IV, a separate series	David Henry	2822 W. University		Denton	TX	76201	(817) 997-4278
3868	Keepin' It Grill LLC, Series V, a separate series	David Henry	1400 E. Beltline Rd.		Richardson	TX	75081	(972) 907-1449
3893	Keepin' It Grill LLC, Series VI, a separate series	David Henry	7900 Denton Highway		Watauga	TX	76148-2412	(817) 764-2247
3297	L.A. Tasty Food, Inc.	Jacob Barnes	226 E 9th St.		Los Angeles	CA	90015	(213) 623-5091
3315	L.A. Tasty Food, Inc.	Jacob Barnes	260 S Broadway.		Los Angeles	CA	90012	(213) 626-7975
3911	LEADS, LLC	Phong H. Huynh	1133 SW Military Drive		San Antonio	TX	78221	(210) 923-0288
3912	LEADS, LLC	Phong H. Huynh	3938 Frederiksburg Rd.		San Antonio	TX	78201	(210) 733-5175
3913	LEADS, LLC	Phong H. Huynh	7327 San Pedro Avenue		San Antonio	TX	78216	(210) 435-9103
3914	LEADS, LLC	Phong H. Huynh	4645 W. Commerce Street		San Antonio	TX	78237	(210) 436-1595
3915	LEADS, LLC	Phong H. Huynh	9350 W. FM 471		San Antonio	TX	78251	(726) 610-7695
3941	LEADS, LLC	Phong H. Huynh	8473 Hwy 6 North		Copperfield	TX	77095	(832) 529-3479
3942	LEADS, LLC	Phong H. Huynh	9540 FM 1960 Bypass		Humble	TX	77338	(281) 540-7404
3943	LEADS, LLC	Phong H. Huynh	390 S. Mason Road		Katy	TX	77450	(281) 665-4501
3944	LEADS, LLC	Phong H. Huynh	3102 Ella Blvd.		Houston	TX	77018	(713) 868-8934
3945	LEADS, LLC	Phong H. Huynh	1108 Silber Rd.		Houston	TX	77055	(713) 680-9513
3946	LEADS, LLC	Phong H. Huynh	5321 S. Rice Avenue		Houston	TX	77081	(713) 668-6428
3947	LEADS, LLC	Phong H. Huynh	2610 Pearland Pkwy		Pearland	TX	77581	(281) 485-5702
3948	LEADS, LLC	Phong H. Huynh	5370 West Grand Pkwy 5		Richmond	TX	77406	(832) 595-8381
3949	LEADS, LLC	Phong H. Huynh	14124 Cypress Rosehill Rd		Cypress	TX	77429	(281) 256-8760
3283	Leemar Enterprises, Inc.	Liborio (Lee) Alvarez, Sr	668 West Holt Ave.		Ontario	CA	91762	(909) 983-7181
3284	Leemar Enterprises, Inc.	Liborio (Lee) Alvarez, Sr	1695 West Kendall Ave.		San Bernardino	CA	92407	(909) 880-6337
3512	Leemar Enterprises, Inc.	Liborio (Lee) Alvarez, Sr	5501 Van Buren Blvd.		Riverside	CA	92503	(951) 359-0637
3553	Leemar Enterprises, Inc.	Liborio (Lee) Alvarez, Sr	14466 Main St.		Hesperia	CA	92345	(760) 244-6769
3324	Lilend Investment, LLC	Endie Widjaja	2671 W La Palma Ave.		Anaheim	CA	92806	(714) 828-7105
3450	Lilend Investment, LLC	Endie Widjaja	969 S Euclid Ave.		Anaheim	CA	92802	(714) 772-5492
3470	Lilend Investment, LLC	Endie Widjaja	1076 N. Tustin Ave.		Anaheim	CA	92807	(714) 666-0112
3742	Lilend Investment, LLC	Endie Widjaja	451 S. Vincent Avenue		West Covina	CA	91790	(626) 338-7026
3898	LMU Investments, LLC	Liborio (Lee) Alvarez, Sr.	4698 Peoria Street		Denver	CO	80239	(720) 827-7850
3838	Lugo Pollos, Inc.	Benjamin Lugo	5601 E. Broadway Blvd		Tucson	AZ	85711	(520) 514-0351
3839	Lugo Pollos, Inc.	Benjamin Lugo	3781 West Ina Rd		Tucson	AZ	85741	(520) 572-0010
3843	Lugo Pollos, Inc.	Benjamin Lugo	4755 S. Landing Way		Tucson	AZ	85714	(520) 849-6025
3332	Lugo's Enterprises, Inc.	Benjamin Lugo	14227 E Whittier Blvd.		Whittier	CA	90605	(562) 693-9474
3938	Lugo's Enterprises, Inc.	Benjamin Lugo	13421 Newport Avenue		Tustin	CA	92780	(562) 477-2519
3518	Menlo Park	Mohammad A. Sattar	2281 Sunrise Blvd.		Rancho Cordova	CA	95670	(916) 638-2133
3520	Menlo Park	Mohammad A. Sattar	7600 Greenback Ln.		Citrus Heights	CA	95610	(916) 725-4700
3813	MLXX, LLC	Zhenyi (Sean) Xu	CSULA	Golden Eagle Building	Los Angeles	CA	90032	(323) 343-6728
3412	Nabi Enterprises, Inc	Idrees Malik	19320 Beach Blvd.		Huntington Beach	CA	92648	(714) 962-8500
3413	Nabi Enterprises, Inc	Idrees Malik	1998 E Highland Ave.		San Bernardino	CA	92404	(909) 882-2800
3747	Napa Pollo, Inc.	Manuel Perales	287 Soscol Ave		Napa	CA	94559	(707) 257-6203
3765	Napa Pollo, Inc.	Manuel Perales	3795 Cleveland Ave		Santa Rosa	CA	95403	(707) 615-6992
3513	New Era Enterprises, LLC	Farrukh Saeed	3500 Northgate Blvd.		Sacramento	CA	95834	(916) 922-5200
3793	NGC Foods, Inc.	Paramjit Singh Nagra	1145 Avocado Ave.		El Cajon	CA	92020	(619) 590-3652
3862	NGC Foods, Inc.	Paramjit Singh Nagra	2017 Camino Del Este		San Diego	CA	92108	(619) 688-1189
3754	Nima Rayat & Nasser Razepoor	Nima Rayat	1449 E Colorado Blvd.		Pasadena	CA	91106	(626) 405-1032

**EXHIBIT J: LIST OF FRANCHISEES**

Location Number	Company	Primary Contact	Address 1	Address 2	City	ZIP/Postal		MainPhone
						State	Code	
3323	Noor Awad, LLC	Kamal Jad Awad	1299 S Winchester Blvd.		San Jose	CA	95128	(408) 984-6860
3287	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	2225 Plaza Pkwy.		Modesto	CA	95350	(209) 544-3906
3307	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	678 North Wilson Wy.		Stockton	CA	95205	(209) 942-2144
3424	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	613 W Olive Ave.		Merced	CA	95348	(209) 385-3062
3500	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	801 Oakdale Rd.		Modesto	CA	95355	(209) 522-7146
3502	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	1510 E. Hammer Ln., Building C1		Stockton	CA	95210	(209) 951-3636
3527	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	2900 Countryside Dr., Parcel #14		Turlock	CA	95380	(209) 632-3163
3580	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	1730 E Yosemite Ave.		Manteca	CA	95336	(209) 239-0100
3605	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	6353 Stockton Blvd.		Sacramento	CA	95824	(916) 399-9101
3883	Nor-Cal Chicken, Inc.	Rafael Armenta, Jr.	2315 Claribel Rd		Riverbank	CA	95367	(209) 502-4448
3672	North Hollywood Investment, Inc.	Ali (Alex) Ghomizadeh	12453 Burbank Ave.		N Hollywood	CA	91607	(818) 506-7667
3848	OM Shivay, Inc.	Dilip Bhavnani	41383 Big Bear Blvd.		Big Bear Lake	CA	92315	(909) 866-1019
3228	Peg/Lion, LLC	William E. Engel	6041 La Palma Ave.		Buena Park	CA	90620	(714) 523-7180
3235	Peg/Lion, LLC	William E. Engel	28261 Crown Valley Pkwy.		Laguna Niguel	CA	92677	(949) 643-0347
3273	Peg/Lion, LLC	William E. Engel	32535 Golden Lantern		Dana Point	CA	92629	(949) 443-0506
3301	Peg/Lion, LLC	William E. Engel	1833 S La Cienega Blvd. A		Los Angeles	CA	90035	(310) 838-8803
3359	Peg/Lion, LLC	William E. Engel	1343 Nogales St.		Rowland Heights	CA	91748	(626) 913-2928
3431	Peg/Lion, LLC	William E. Engel	1002 N El Camino Real		Encinitas	CA	92024	(760) 943-1253
3432	Peg/Lion, LLC	William E. Engel	22381 Antonio Pkwy.		Rancho Santa Margarita	CA	92688	(949) 858-4446
3483	Peg/Lion, LLC	William E. Engel	11895 Carmel Mountain Rd.		San Diego	CA	92128	(858) 451-1884
3484	Peg/Lion, LLC	William E. Engel	10715 Scripps Poway Pkwy.		San Diego	CA	92131	(858) 530-0879
3493	Peg/Lion, LLC	William E. Engel	12847 El Camino Real		San Diego	CA	92130	(858) 847-0285
3523	Peg/Lion, LLC	William E. Engel	106 S Grand Ave.		Covina	CA	91724	(626) 967-6450
3541	Peg/Lion, LLC	William E. Engel	5529 Sepulveda Blvd.		Culver City	CA	90230	(310) 390-8097
3550	Peg/Lion, LLC	William E. Engel	125 E Imperial Hwy.		Fullerton	CA	92835	(714) 680-0266
3614	Peg/Lion, LLC	William E. Engel	19171 Brookhurst		Huntington Beach	CA	92646	(714) 964-2422
3703	Peg/Lion, LLC	William E. Engel	1408 E. Valley Pkwy.		Escondido	CA	92027	(760) 480-6374
3717	Peg/Lion, LLC	William E. Engel	1220 SU B S Diamond Bar Blvd.		Diamond Bar	CA	91765	(909) 860-2127
3719	Peg/Lion, LLC	William E. Engel	5501 Alton Pkwy.		Irvine	CA	92618	(949) 786-0445
3728	Peg/Lion, LLC	William E. Engel	1366 West Valley Parkway		Escondido	CA	92029	(760) 466-9350
3731	Peg/Lion, LLC	William E. Engel	3500 College Blvd.		Oceanside	CA	92056	(760) 477-9345
3744	Peg/Lion, LLC	William E. Engel	630 N Sepulveda Blvd.		El Segundo	CA	90245	(310) 322-0808
3746	Peg/Lion, LLC	William E. Engel	4990 Baltimore Drive		La Mesa	CA	91942	(619) 797-1956
3749	Peg/Lion, LLC	William E. Engel	9714 Mission Gorge Road		Santee	CA	92071	(619) 873-1558
3753	Peg/Lion, LLC	William E. Engel	23601 El Toro Rd.		Lake Forest	CA	92630	(949) 855-1133
3812	Peg/Lion, LLC	William E. Engel	1405 N. Azusa Rd		Covina	CA	91722	(626) 334-1259
3863	Peg/Lion, LLC	William E. Engel	12427 Poway Road		Poway	CA	92064	(858) 630-8080
3892	Peg/Lion, LLC	William E. Engel	100 N. Azusa		Covina	CA	91722	(760) 721-3110
3417	Pensar Big, Inc.	Carmen Huerta	4200 Chino Hills Pkwy. 210		Chino Hills	CA	91709	(909) 597-0702
3420	Pensar Big, Inc.	Carmen Huerta	200 E Orangethorpe Blvd.		Fullerton	CA	92832	(714) 526-4811
3421	Pensar Big, Inc.	Carmen Huerta	5935 South St.		Lakewood	CA	90713	(562) 925-5644
3847	Petaluma Chicken, Inc.	Manuel Perales	211 N. McDowell		Petaluma	CA	94954	(707) 782-0797
3852	Petaluma Chicken, Inc.	Manuel Perales	1114 Stanley Blvd.,		Livermore	CA	94550	(925) 449-2697
3875	Petaluma Chicken, Inc.	Manuel Perales	8428 Elk Grove Florin Rd		Elk Grove	CA	95624	(916) 682-2205
3876	Petaluma Chicken, Inc.	Manuel Perales	2442 Naglee Rd		Tracy	CA	95304	(209) 839-8592
3877	Petaluma Chicken, Inc.	Manuel Perales	8244 Delta Shores Circle		Sacramento	CA	95832	(916) 665-1814
3878	Petaluma Chicken, Inc.	Manuel Perales	7820 Folsom Blvd		Sacramento	CA	95826	(916) 387-9660
3733	PH Pollo, Inc	Phong H. Huynh	2830 W. Florida Ave.		Hemet	CA	92545	(951) 658-7160
3734	PH Pollo, Inc	Phong H. Huynh	591 Moorpark Rd.		Thousand Oaks	CA	91360	(805) 370-0330
3931	Pikes Pollo, Inc.	Elizabeth D. E. Amiri	5480 Wadsworth Bypass		Arvada	CO	80002	(818) 822-7756
3933	Pikes Pollo, Inc.	Elizabeth D. E. Amiri	729 W. Las Tunas Drive		San Gabriel	CA	91776	(818) 822-7756
3435	Plaza Foods, Inc.	Farrukh Saeed	5055 Auburn Rd.		Sacramento	CA	95841	(916) 344-7939
3810	Poco Locos, LLC	Liborio (Lee) Alvarez, Sr	5675 West Brud Drive		West Valley	UT	84120	(801) 966-1985
3821	Poco Locos, LLC	Liborio (Lee) Alvarez, Sr	1120 South 300 West		Salt Lake City	UT	84101	(801) 363-0863
3833	Poco Locos, LLC	Liborio (Lee) Alvarez, Sr	779 W. Riverdale Rd		Riverdale	UT	84405	(801) 392-2434
3890	Poco Locos, LLC	Liborio (Lee) Alvarez, Sr	4700 S. 4000 West		West Valley	UT	84129	(760) 947-3486
3894	Poco Locos, LLC	Liborio (Lee) Alvarez, Sr	2028 N. Main Street		Layton	UT	84041	(801) 609-9356
3918	Pollo Fuego, Inc.	Phong H. Huynh	10321 Airline Hwy,		Baton Rouge	LA	70816-4004	(225) 960-2646
3300	Pollo King, Inc.	Virendra Singh	4600 Mack Rd.		Sacramento	CA	95823	(916) 399-1655

**EXHIBIT J: LIST OF FRANCHISEES**

Location Number	Company	Primary Contact	Address 1	Address 2	City	State	ZIP/Postal Code	MainPhone
3489	Pollo Mills, LLC	Lonnie R. Priester	4290 E 4th St.		Ontario	CA	91764	(909) 476-8771
3394	Pollo West Corp.	Michaela Mendelsohn	5050 Kanan Rd.		Agoura Hills	CA	91301	(818) 706-0766
3401	Pollo West Corp.	Michaela Mendelsohn	3750 W 5th St.		Oxnard	CA	93030	(805) 382-9975
3451	Pollo West Corp.	Michaela Mendelsohn	1722 S. Victoria Ave., Suite A		Ventura	CA	93003	(805) 654-1723
3457	Pollo West Corp.	Michaela Mendelsohn	17240 Saticoy		Van Nuys	CA	91406	(818) 774-1173
3540	Pollo West Corp.	Michaela Mendelsohn	1545 S Western Ave.		Los Angeles	CA	90006	(323) 732-5626
3773	Pollo West Corp.	Michaela Mendelsohn	7851 Foothill Blvd.		Sunland	CA	91040	(818) 353-5789
3425	Poyo, Inc.	Rosa E. Pinuelas	6752 Reseda Blvd.		Reseda	CA	91335	(818) 705-2937
3738	Poyo, Inc.	Rosa E. Pinuelas	18111 Nordhoff St.		Northridge	CA	91330	(818) 717-0476
3881	Poyo, Inc.	Rosa E. Pinuelas	2750 Caminos Dos Rios		Thousand Oaks (Newbury Park)	CA	91320	(805) 480-9050
3409	Rafmar & Sons Enterprises, Inc.	Rafael P. Gonzalez	1411 Lincoln Blvd.		Venice	CA	90291	(310) 301-6693
3290	Reno Grilled Foods, Inc.	Mohammad A. Sattar	2293 S Virginia St.		Reno	NV	89509	(775) 829-1986
3294	Rohovida Enterprises, Inc.	Rolando Chicas	11473-75 Rosecrans Ave.		Norwalk	CA	90650	(562) 864-4060
3303	Rohovida Enterprises, Inc.	Rolando Chicas	9431 Slauson Ave.		Pico Rivera	CA	90660	(562) 942-2567
3713	Rosemead Investment, Inc.	Ali (Alex) Ghomizadeh	7639 Garvey Ave.		Rosemead	CA	91770	(626) 307-4394
3827	RSB Food, LLC	Rizwana F. Bajwa	1004 Mission Blvd.		Oceanside	CA	92054	(760) 754-1468
3326	R-Vorp-Corp.	Manuel Perales	1725 Branham Ln.		San Jose	CA	95118	(408) 723-7334
3282	San Gabriel Valley Fast Foods I, Inc.	Shabbir (Bill) Rangwala	1212 E Huntington Dr.		Duarte	CA	91010	(626) 358-5005
3344	San Gabriel Valley Fast Foods III, Inc.	Shabbir (Bill) Rangwala	4794 Peck Rd.		El Monte	CA	91732	(626) 448-6767
3465	Sando Pollo, Inc.	Hector Santillana	One W Duarte Rd., Suites J & K		Arcadia (Temple City)	CA	91007	(626) 445-5456
3885	SD Pollo, Inc.	Phong H. Huynh	495 S. Melrose Dr.		Vista	CA	92081	(760) 643-0600
3886	SD Pollo, Inc.	Phong H. Huynh	692 W. San Marcos Blvd.		San Marcos	CA	92078	(858) 630-8080
3305	Shabasco, Inc.	Shabbir (Bill) Rangwala	14455 Ramona Blvd.		Baldwin Park	CA	91706	(626) 960-8861
3709	Shapour (Shawn) Razipour	Shapour (Shawn) Razipour	1225 S Hacienda Blvd.		Hacienda Heights	CA	91745	(626) 330-3482
3340	Shapour (Shawn) Razipour & Elizabeth D.E. Amiri	Shapour (Shawn) Razipour	2940 S Pacific Coast Hwy.		Torrance	CA	90505	(310) 539-8792
3349	Sierra Nevada EPL, Inc.	Farrukh Saeed	591 E Prater Way		Sparks	NV	89431	(775) 355-7488
3439	Sierra Nevada EPL, Inc.	Farrukh Saeed	10320 N McCarran Blvd.		Reno	NV	89523	(775) 787-1900
3811	Sierra Pollo, Inc.	Elizabeth D. E. Amiri	785 North Main Street		Bishop	CA	93514	(760) 875-1708
3870	Solano Pollo Foods Corporation	Manuel Perales	4305 Sonoma Road		Vallejo	CA	94589	(707) 654-9222
3879	Sonar Big, Inc.	Carmen Huerta	6981 Schaefer Ave		Chino	CA	91710-9126	(909) 313-0433
3714	Sonoma Pollo Corporation	Manuel Perales	5225 Redwood Dr.		Rohnert Park	CA	94928	(707) 584-8677
3727	Sonoma Pollo Corporation	Manuel Perales	4444 Century Blvd.		Pittsburg	CA	94565	(925) 755-7160
3671	South Pasadena Investment, Inc.	Ali (Alex) Ghomizadeh	711 Fair Oaks Ave.		S Pasadena	CA	91030	(626) 441-5055
3444	SRH Management Inc.	Harish (Harry) Sidhu	963 Avenida Pico		San Clemente	CA	92673	(949) 498-2060
3456	SRH Management Inc.	Harish (Harry) Sidhu	33953 Doheny Park Rd.		San Juan Capistrano	CA	92675	(949) 248-2554
3558	SRH Management Inc.	Harish (Harry) Sidhu	25110 Marguerite Pkwy.		Mission Viejo	CA	92692	(949) 582-1592
3515	Sunnyvale/Santa Clara El Pollo Loco LLC	Roland C. Spongberg	996 W. El Camino Real		Sunnyvale	CA	94087	(408) 732-5002
3516	Sunnyvale/Santa Clara El Pollo Loco LLC	Roland C. Spongberg	2505 El Camino Real		Santa Clara	CA	95051	(408) 241-4851
3571	Sunnyvale/Santa Clara El Pollo Loco LLC	Roland C. Spongberg	6986 Chestnut St.		Gilroy	CA	95021	(408) 842-7253
3604	Sunnyvale/Santa Clara El Pollo Loco LLC	Roland C. Spongberg	665 Coleman Ave.		San Jose	CA	95110	(408) 287-2509
3653	Sunnyvale/Santa Clara El Pollo Loco LLC	Roland C. Spongberg	2131 Monterey Hwy, #20		San Jose	CA	95125	(408) 971-2012
3716	Sunnyvale/Santa Clara El Pollo Loco LLC	Roland C. Spongberg	1701 Story Rd., Bldg. #30		San Jose	CA	95122	(408) 254-3500
3560	Superior Food Services, Inc.	Mohammad A. Sattar	1923 Highway 50 East		Carson City	NV	89701	(775) 885-2500
3365	Talat Enterprises, Inc.	Elizabeth D. E. Amiri	5090 Rosemead Blvd.		Pico Rivera	CA	90660	(562) 949-3300
3364	Talya Enterprises, Inc.	Elizabeth D. E. Amiri	12860 Washington Blvd.		Los Angeles	CA	90066	(310) 301-0326
3459	Teekay Food Services, Inc.	Tanveer A. Kirmani	760 E Foothill		Upland	CA	91786	(909) 920-9191
3718	Teekay Food Services, Inc.	Tanveer A. Kirmani	72 Rio Rancho Rd.		Pomona	CA	91766	(909) 623-6678
3391	The Cluck Brothers, Inc.	Gary P. Brubaker	3131 Harbor Blvd.		Costa Mesa	CA	92626	(714) 434-9250
3442	The Cluck Brothers, Inc.	Gary P. Brubaker	20163 Lake Forest Dr.		Lake Forest	CA	92630	(949) 581-5499
3441	Tri-Lake Investments, LLC	Clifton I. Shigaki	6833 E Alondra Blvd.		Paramount	CA	90723	(562) 602-1390
3851	TWS Restaurant Corporation	Manuel Perales	3898 Fallon Rd		Dublin	CA	94568	(925) 803-9470
3853	TWS Restaurant Corporation	Manuel Perales	910 Anderson Drive		San Rafael	CA	94901	(415) 485-9759
3871	TWS Restaurant Corporation	Manuel Perales	9501 Fairway Drive		Roseville	CA	95678	(916) 771-4211
3872	TWS Restaurant Corporation	Manuel Perales	1212 Howe Avenue		Sacramento	CA	95825	(916) 927-2240
3873	TWS Restaurant Corporation	Manuel Perales	654 E. Bidwell Street		Folsom	CA	95630	(916) 986-9660
3874	TWS Restaurant Corporation	Manuel Perales	3312 Bradshaw Rd		Sacramento	CA	95827	(916) 368-7692
3468	United Lerone I, LLC	Liborio (Lee) Alvarez, Sr.	14401 Bear Valley Rd.		Victorville	CA	92392	(760) 949-9163

**EXHIBIT J: LIST OF FRANCHISEES**

Location Number	Company	Primary Contact	Address 1	Address 2	City	ZIP/Postal		MainPhone
						State	Code	
3842	United Lerone I, LLC	Liborio (Lee) Alvarez, Sr.	680 South E Street		San Bernardino	CA	92408	(909) 884-2553
3937	United Lerone I, LLC	Liborio (Lee) Alvarez, Sr.	4954 W. Century Blvd		Inglewood	CA	90304	(760) 947-3486
3511	United Lerone II, LLC	Liborio (Lee) Alvarez, Sr.	14456 Seventh St.		Victorville	CA	92392	(760) 241-9339
3882	United Lerone II, LLC	Liborio (Lee) Alvarez, Sr.	305 E. Betteravia Rd.		Santa Maria	CA	93454	(805) 347-1201
3939	United Lerone II, LLC	Liborio (Lee) Alvarez, Sr.	2480 River Road		Norco	CA	92860	(760) 947-3486
3510	United Lerone III, LLC	Liborio (Lee) Alvarez, Sr.	2820 Lenwood Rd.		Barstow	CA	92311	(760) 253-5222
3767	United Lerone III, LLC	Liborio (Lee) Alvarez, Sr.	15824 Apple Valley Road		Apple Valley	CA	92307	(760) 242-0200
3934	United Lerone III, LLC	Liborio (Lee) Alvarez, Sr.	262 South Rosemead Blvd		Pasadena	CA	91107	(760) 947-3486
3499	United Lerone IV, LLC	Liborio (Lee) Alvarez, Sr.	33478 Yucaipa Blvd.		Yucaipa	CA	92399	(909) 790-2843
3940	United Lerone IV, LLC	Liborio (Lee) Alvarez, Sr.	745 W. Telegraph Road		Washington	UT	84780	(760) 947-3486
3836	V & B Royal, Inc.	Ashish K. Verma	11982 Los Osos Valley Rd	Suite A	San Luis Obispo	CA	92405	(805) 439-5060
3829	V S Pollo King, Inc	Virendra Singh	1212 Colusa Hwy		Yuba City	CA	95991	(530) 821-2247
3737	Vebo Enterprises, Inc.	Ashish K. Verma	2351 Theatre Dr.		Paso Robles	CA	93446	(805) 237-1350
3764	Vebo Enterprises, Inc.	Ashish K. Verma	252 W. Harvard Blvd.		Santa Paula	CA	93060	(805) 525-4900
3771	Villa Armenta, LLC	Rafael Armenta, Jr.	10506 Trinity Pkwy.		Stockton	CA	95219	(209) 478-1664
3783	Villa Armenta, LLC	Rafael Armenta, Jr.	224 W. Kettleman Lane		Lodi	CA	95240	(209) 369-5923
3214	W.K.S. Restaurant Corporation	Roland C. Spongberg	3125 W. Century Blvd.		Inglewood	CA	90301	(310) 674-7924
3322	W.K.S. Restaurant Corporation	Roland C. Spongberg	3502 Cerritos Blvd.		Los Alamitos	CA	90720	(562) 626-8388
3392	W.K.S. Restaurant Corporation	Roland C. Spongberg	2200 Clark Ave.		Long Beach	CA	90815	(562) 494-9691
3467	W.K.S. Restaurant Corporation	Roland C. Spongberg	4544 Saugus Ave.		Sherman Oaks	CA	91403	(818) 990-7655
3488	W.K.S. Restaurant Corporation	Roland C. Spongberg	11601 Carson St.		Lakewood	CA	90715	(562) 924-2250
3507	W.K.S. Restaurant Corporation	Roland C. Spongberg	1360 W. Imperial Hwy.		Los Angeles	CA	90044	(323) 757-8229
3521	W.K.S. Restaurant Corporation	Roland C. Spongberg	32481 State Highway 79 S		Temecula	CA	92592	(951) 302-2611
3525	W.K.S. Restaurant Corporation	Roland C. Spongberg	16940 Nordoff Blvd.		Northridge	CA	91343	(818) 895-1680
3528	W.K.S. Restaurant Corporation	Roland C. Spongberg	6929 Eastern Ave.		Bell Gardens	CA	90201	(323) 771-5544
3529	W.K.S. Restaurant Corporation	Roland C. Spongberg	1141 W. Pacific Coast Hwy.		Harbor City	CA	90710	(310) 530-0534
3531	W.K.S. Restaurant Corporation	Roland C. Spongberg	3008 S. Sepulveda Blvd.		Los Angeles	CA	90034	(310) 444-0010
3532	W.K.S. Restaurant Corporation	Roland C. Spongberg	10651 Balboa Blvd.		Granada Hills	CA	91344	(818) 831-4044
3545	W.K.S. Restaurant Corporation	Roland C. Spongberg	3425 E. Anaheim St.		Long Beach	CA	90804	(562) 494-1343
3562	W.K.S. Restaurant Corporation	Roland C. Spongberg	494 Broadway		El Cajon	CA	92021	(619) 588-6034
3563	W.K.S. Restaurant Corporation	Roland C. Spongberg	3444 Midway Dr.		San Diego	CA	92110	(619) 523-9904
3564	W.K.S. Restaurant Corporation	Roland C. Spongberg	8349 Mira Mesa Blvd.		Mira Mesa	CA	92126	(858) 578-7553
3565	W.K.S. Restaurant Corporation	Roland C. Spongberg	4330 Genessee Ave.		San Diego	CA	92117	(858) 278-0355
3656	W.K.S. Restaurant Corporation	Roland C. Spongberg	1403 N. Imperial Ave.		El Centro	CA	92243	(760) 482-5557
3785	W.K.S. Restaurant Corporation	Roland C. Spongberg	6009 N Figueroa St.		Highland Park	CA	90042	(323) 256-4321
3786	W.K.S. Restaurant Corporation	Roland C. Spongberg	10100 Carmenita Rd.		Whittier	CA	90605	(562) 944-8052
3795	W.K.S. Restaurant Corporation	Roland C. Spongberg	2360 Clinton Keith Road		Wildomar	CA	92595	(951) 609-0345
3846	W.K.S. Restaurant Corporation	Roland C. Spongberg	5252 E. Second St		Long Beach	CA	90803	(562) 304-9800
3887	W.K.S. Restaurant Corporation	Roland C. Spongberg	44402 Valley Central Wy		Lancaster	CA	93536	(661) 940-8961
3922	W.K.S. Restaurant Corporation	Roland C. Spongberg	666 H St.		Chula Vista	CA	91910	(619) 476-9325
3923	W.K.S. Restaurant Corporation	Roland C. Spongberg	1535 Palm Ave.		San Diego	CA	92154	(619) 423-6912
3371	W.K.S. Restaurant Corporation	Roland C. Spongberg	8200 Stockdale Hwy, Ste J		Bakersfield	CA	93311	(661) 831-9443
3448	W.K.S. Restaurant Corporation	Roland C. Spongberg	16707 Pioneer Blvd.		Artesia	CA	90701	(562) 924-6918
3453	W.K.S. Restaurant Corporation	Roland C. Spongberg	120 N. Euclid St.		Fullerton	CA	92832	(714) 871-5852
3458	W.K.S. Restaurant Corporation	Roland C. Spongberg	2232 S. Bristol St.		Newport Beach	CA	92660	(949) 474-2120
3475	W.K.S. Restaurant Corporation	Roland C. Spongberg	3701 California Ave.		Bakersfield	CA	93309	(661) 322-4887
3476	W.K.S. Restaurant Corporation	Roland C. Spongberg	2000 White Ln.		Bakersfield	CA	93304	(661) 396-7939
3477	W.K.S. Restaurant Corporation	Roland C. Spongberg	31550 Grape St.		Lake Elsinore	CA	92532	(951) 245-1542
3490	W.K.S. Restaurant Corporation	Roland C. Spongberg	21212 Bake Pkwy.		Lake Forest	CA	92630	(949) 454-8312
3494	W.K.S. Restaurant Corporation	Roland C. Spongberg	40468 Murrieta Hot Springs Rd.		Murrieta	CA	92563	(951) 304-7082
3495	W.K.S. Restaurant Corporation	Roland C. Spongberg	117 W. Nuevo Rd.		Perris	CA	92571	(951) 943-4626
3506	W.K.S. Restaurant Corporation	Roland C. Spongberg	1090 S. Mt. Vernon Ave.		Colton	CA	92324	(909) 777-0045
3547	W.K.S. Restaurant Corporation	Roland C. Spongberg	2727 E. Carson St.		Lakewood	CA	90712	(562) 496-1664
3549	W.K.S. Restaurant Corporation	Roland C. Spongberg	11025 Warner Ave.		Fountain Valley	CA	92708	(714) 775-5250
3593	W.K.S. Restaurant Corporation	Roland C. Spongberg	4000 Coffee Rd.		Bakersfield	CA	93308	(661) 213-4245
3594	W.K.S. Restaurant Corporation	Roland C. Spongberg	2661 Mt. Vernon Ave.		Bakersfield	CA	93306	(661) 872-5526
3613	W.K.S. Restaurant Corporation	Roland C. Spongberg	1066 Harriman Pl.		San Bernardino	CA	92408	(909) 796-5800
3669	W.K.S. Restaurant Corporation	Roland C. Spongberg	758 W. Highland Ave.		San Bernardino	CA	92405	(909) 474-0617
3670	W.K.S. Restaurant Corporation	Roland C. Spongberg	12530 Beach Blvd.		Stanton	CA	90680	(714) 897-8140

**EXHIBIT J: LIST OF FRANCHISEES**

Location							ZIP/Postal	
Number	Company	Primary Contact	Address 1	Address 2	City	State	Code	MainPhone
3780	W.K.S. Restaurant Corporation	Roland C. Spongberg	5030 Gosford Road		Bakersfield	CA	93313	(661) 381-7495
3817	W.K.S. Restaurant Corporation	Roland C. Spongberg	1401 N. Main Street		Watsonville	CA	95076	(831) 728-2941
3888	W.K.S. Restaurant Corporation	Roland C. Spongberg	12294 Palmdale Road		Victorville	CA	92392	(760) 241-5500
3561	W.K.S. Restaurant Corporation	Roland C. Spongberg	5810 W. Bell Rd.		Glendale	AZ	85308	(602) 268-6611
3566	W.K.S. Restaurant Corporation	Roland C. Spongberg	5130 S. McClintock Dr.		Tempe	AZ	85282	(480) 557-5555
3578	W.K.S. Restaurant Corporation	Roland C. Spongberg	4091 S. Gilbert Rd.		Gilbert	AZ	85297	(480) 545-8888
3584	W.K.S. Restaurant Corporation	Roland C. Spongberg	949 N. Dobson Rd.		Mesa	AZ	85201	(480) 668-1073
3598	W.K.S. Restaurant Corporation	Roland C. Spongberg	758 S. Watson Rd.		Buckeye	AZ	85326	(623) 386-1037
3599	W.K.S. Restaurant Corporation	Roland C. Spongberg	10000 W. Happy Valley Road		Peoria	AZ	85383	(623) 825-6679
3619	W.K.S. Restaurant Corporation	Roland C. Spongberg	5009 Arizona Mills Cir.		Tempe	AZ	85282	(480) 730-7802
3652	W.K.S. Restaurant Corporation	Roland C. Spongberg	88 North 1220 East State St.		Lehi	UT	84043	(801) 766-1004
3799	W.K.S. Restaurant Corporation	Roland C. Spongberg	3692 West 7800 South		West Jordan	UT	84088	(801) 282-8684
3809	W.K.S. Restaurant Corporation	Roland C. Spongberg	76 E. University Pkwy		Orem	UT	84058	(801) 360-9436
3826	W.K.S. Restaurant Corporation	Roland C. Spongberg	10590 South State Street		Sandy	UT	84070	(801) 572-1206
3854	W.K.S. Restaurant Corporation	Roland C. Spongberg	13233 W. McDowell Road		Goodyear	AZ	85395	(623) 935-9297
3855	W.K.S. Restaurant Corporation	Roland C. Spongberg	15540 N. Hayden Road		Scottsdale	AZ	85260	(480) 951-4112
3856	W.K.S. Restaurant Corporation	Roland C. Spongberg	4728 E. Ray Road		Phoenix	AZ	85044	(480) 893-6141
3857	W.K.S. Restaurant Corporation	Roland C. Spongberg	15255 N. 64th Street		Scottsdale	AZ	85254	(480) 991-0304
3858	W.K.S. Restaurant Corporation	Roland C. Spongberg	4302 W. Cactus Rd.		Avondale	AZ	85392	(480) 535-2102
3859	W.K.S. Restaurant Corporation	Roland C. Spongberg	10135 W. McDowell Road		Avondale	AZ	85260	(623) 936-1852
3860	W.K.S. Restaurant Corporation	Roland C. Spongberg	2520 Chandler Blvd.		Chandler	AZ	85224	(480) 857-1462
3861	Waldorf Restaurant Group Cesar Chavez LLC	Jason Hendifar	2000 Cesar E. Chavez Ave.		Los Angeles	CA	90033	(323) 265-0179
3895	Waldorf Restaurant Group Cesar Chavez LLC	Jason Hendifar	19762 Ventura Blvd.		Woodland Hills	CA	91364	(818) 970-3288
3930	Waldorf Restaurant Group Cesar Chavez LLC	Jason Hendifar	3959 Wilshire Blvd	Suite A-1	Los Angeles	CA	90010	(213) 383-0025
3932	Waldorf Restaurant Group Cesar Chavez LLC	Jason Hendifar	2575 North Hollywood Way	Units 103-104	Burbank	CA	91505	(310) 963-4720
3936	Waldorf Restaurant Group Cesar Chavez LLC	Jason Hendifar	31783 Castaic Rd.		Castaic	CA	91384	(310) 963-6533
3658	Widmor Investment, LLC	Endie Widjaja	571 West Los Angeles		Moorpark	CA	93021	(805) 531-9789
3659	Widmor Investment, LLC	Endie Widjaja	3155 Saviers Road		Oxnard	CA	93035	(805) 385-9800
3674	Widmor Investment, LLC	Endie Widjaja	1111 E Los Angeles Ave.		Simi Valley	CA	93065	(805) 522-6363
3675	Widmor Investment, LLC	Endie Widjaja	2780-A Tapo Canyon Road		Simi Valley	CA	93063	(805) 581-4884
3676	Widmor Investment, LLC	Endie Widjaja	5001 Wilshire Blvd., #101		Los Angeles	CA	90036	(323) 937-7171
<b>Philippines</b>								
Location								
Number	Company	Primary Contact	Address					Phone
								+632-86334977
7000	Flame Broiled Resto Corp.	Paul Manuud	Unit #155b Megamall Building A, EDSA Corner Julia Argas Avenue, Ortigas Center, Mandaluyong, Metro Manila 1550					+63-961-9024125
7001	Flame Broiled Resto Corp.	Paul Manuud	2nd Floor Glorietta 4, Glorietta Ayala Av Cor. Pasay Road, Ayala Center, Makati, Metro Manila 1226					+63-961-7276916
7002	Flame Broiled Resto Corp.	Paul Manuud	Unit A147 & 149 Ground Floor Venice Grand Canal Mall, McKinley Hill Drive, Bonifacio Global City , Taguig City , NCR Fourth District, Fort Bonifacio 1634					+63-927-4811297
7003	Flame Broiled Resto Corp.	Paul Manuud	Unit C - 1C Coral Wing, Upper Ground Floor Okada Manila, Seaside Drive, Entertainment City, Tambo, Paranaque City 1701					+63-966-6144164
7004	Flame Broiled Resto Corp.	Paul Manuud	B108, Phase 1B G/F, UP Town Center, Katipunan Avenue, UP Campus, Quezon City 1101					+63-945-3747619
7005	Flame Broiled Resto Corp.	Paul Manuud	Lower Ground Floor, New Entertainment Complex, Alabang Town Center, Alabang, Muntinlupa City 1781					
7006	Flame Broiled Resto Corp.	Paul Manuud	Ayala Malls Trinoma, Space No. 4019 Level 4 Cinema Lobby, North Avenue, Quezon City, Metro Manila					
7007	Flame Broiled Resto Corp.	Paul Manuud	Robinson Magnolia, Space No. 03317 Level 3, Aurora Blvd. cor Dona Hemady St, Quezon City, Metro Manila					
7008	Flame Broiled Resto Corp.	Paul Manuud	Unit A416b, 4th Floor, Eastwood Mall, Eastwood Avenue, Quezon City, Metro Manila 1800					

**EXHIBIT K: LIST OF FRANCHISEES WHO LEFT SYSTEM IN 2023 OR WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT**

<b>Franchisee</b>	<b>Primary Owner or Partners</b>	<b>Unit</b>	<b>Unit City, State</b>	<b>Phone</b>	<b>Comments</b>
BAS Food Services, Inc.	Farooq Bajwa	3335	Chula Vista, CA	(949) 488-0067	Restaurant ownership transferred in 2023
BAS Food Services, Inc.	Farooq Bajwa	3377	San Diego, CA	(949) 488-0067	Restaurant ownership transferred in 2023
Raul Canizales	Raul Canizales	3316	San Diego, CA	(619) 668-0655	Restaurant ownership transferred in 2023
Raul Canizales	Raul Canizales	3429	Lemon Grove, CA	(619) 668-0655	Restaurant ownership transferred in 2023
Raul Canizales	Raul Canizales	3430	National City, CA	(619) 668-0655	Restaurant ownership transferred in 2023

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with El Pollo Loco, Inc. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

# EXHIBIT L: FINANCIAL STATEMENTS

## EL POLLO LOCO HOLDINGS, INC. AND SUBSIDIARIES

### INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### **Audited Consolidated Financial Statements**

Report of Independent Registered Public Accounting Firm (BDO USA, P.C.; Costa Mesa, California; PCAOB ID #243)

Consolidated Balance Sheets – December 27, 2023 and December 28, 2022

Consolidated Statements of Income—For the years ended December 27, 2023, December 28, 2022, and December 29, 2021

Consolidated Statements of Comprehensive Income—For the years ended December 27, 2023, December 28, 2022, and December 29, 2021

Consolidated Statements of Changes in Stockholders' Equity—For the years ended December 27, 2023, December 28, 2022, and December 29, 2021

Consolidated Statements of Cash Flows—For the years ended December 27, 2023, December 28, 2022, and December 29, 2021

Notes to Consolidated Financial Statements

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of El Pollo Loco Holdings, Inc. (the “Company”) as of December 27, 2023 and December 28, 2022, the related consolidated statements of income, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 27, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 27, 2023 and December 28, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 27, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 27, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated March 8, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Impairment of Restaurant Property and Equipment

As discussed in Notes 2 and 3 to the consolidated financial statements, the Company reviews its long-lived assets related to restaurants held and used in the business, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The net balance of property and equipment was \$84.0 million as of December 27, 2023. For certain restaurants, indicators of impairment of the related property and equipment were present. As such, for these restaurants, management compared the projected undiscounted cash flows to the carrying value to determine whether an impairment loss should be measured.

We identified the Company's estimation of undiscounted future cash flows for certain restaurants to determine the recoverability of the carrying value of restaurant property and equipment as a critical audit matter. The future cash flows requires management to develop estimates and assumptions about future revenue transaction growth rates, menu pricing changes, and restaurant operating margins, which are made more uncertain by the impact of the current inflationary pressures on the Company's business. Auditing these significant assumptions involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to addresses these matters.

The primary procedures we performed to address this critical audit matter included:

- Evaluating the reasonableness of management's assumption over the future revenue transaction growth rates for select restaurants by (i) comparing them to historical information for both company-owned and franchised restaurants, and (ii) comparing them to restaurant industry data to determine if contradictory evidence existed.
- Evaluating the reasonableness of management's assumption over the menu pricing changes for select restaurants by (i) comparing them to historical information for company-owned restaurants, and (ii) comparing them to market and industry data.
- Evaluating the reasonableness of management's assumption over the restaurant operating margin for select restaurants by comparing them to market and industry data.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2011.

Costa Mesa, California  
March 8, 2024

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

	December 27, 2023	December 28, 2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 7,288	\$ 20,493
Accounts and other receivables, net	10,148	10,084
Inventories	1,911	2,442
Prepaid expenses and other current assets	5,634	3,662
Income tax receivable	153	768
<b>Total current assets</b>	<b>25,134</b>	<b>37,449</b>
Property and equipment, net	84,027	78,644
Property and equipment held under finance lease, net	1,528	1,532
Property and equipment held under operating leases, net ("ROU asset")	168,007	165,584
Goodwill	248,674	248,674
Trademarks	61,888	61,888
Deferred tax assets	—	512
Other assets	3,043	2,935
<b>Total assets</b>	<b>\$ 592,301</b>	<b>\$ 597,218</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Current portion of obligations under finance leases	\$ 140	\$ 110
Current portion of obligations under operating leases	19,490	19,995
Accounts payable	12,541	12,741
Accrued salaries and vacation	9,332	8,873
Accrued insurance	11,831	11,120
Accrued income taxes payable	70	—
Accrued interest	394	291
Current portion of income tax receivable agreement payable	422	263
Other accrued expenses and current liabilities	18,361	15,120
<b>Total current liabilities</b>	<b>72,581</b>	<b>68,513</b>
Revolver loan	84,000	66,000
Obligations under finance leases, net of current portion	1,617	1,626
Obligations under operating leases, net of current portion	168,084	165,149
Deferred taxes	8,878	8,517
Income tax receivable agreement payable, net of current portion	—	409
Other noncurrent liabilities	6,445	5,856
<b>Total liabilities</b>	<b>341,605</b>	<b>316,070</b>
<b>Commitments and contingencies (Note 13)</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized; 100,000 shares designated as Series A Preferred Stock; none issued or outstanding	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized; 31,353,223 and 37,008,061 shares issued and outstanding as of December 27, 2023 and December 28, 2022, respectively	313	370
Additional paid-in-capital	236,421	292,244
Retained earnings (accumulated deficit)	13,962	(11,592)
Accumulated other comprehensive income	—	126
<b>Total stockholders' equity</b>	<b>250,696</b>	<b>281,148</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 592,301</b>	<b>\$ 597,218</b>

See notes to consolidated financial statements.

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

	For the Fiscal Years Ended		
	December 27, 2023	December 28, 2022	December 29, 2021
<b>Revenue</b>			
Company-operated restaurant revenue	\$ 398,437	\$ 403,218	\$ 394,733
Franchise revenue	41,002	38,225	33,729
Franchise advertising fee revenue	29,225	28,516	25,901
<b>Total revenue</b>	<b>468,664</b>	<b>469,959</b>	<b>454,363</b>
<b>Cost of operations</b>			
Food and paper cost	108,250	117,774	104,394
Labor and related expenses	127,244	130,773	120,308
Occupancy and other operating expenses	101,398	101,543	97,557
Gain on recovery of insurance proceeds, lost profits, net	(327)	—	—
<b>Company restaurant expenses</b>	<b>336,565</b>	<b>350,090</b>	<b>322,259</b>
General and administrative expenses	42,025	39,093	39,852
Franchise expenses	38,404	36,169	32,831
Depreciation and amortization	15,235	14,418	15,176
Loss on disposal of assets	192	165	289
Gain on recovery of insurance proceeds, property, equipment and expenses	(247)	—	—
(Gain) loss on disposition of restaurants	(5,034)	(848)	1,534
Impairment and closed-store reserves	1,732	752	1,087
<b>Total expenses</b>	<b>428,872</b>	<b>439,839</b>	<b>413,028</b>
<b>Income from operations</b>	<b>39,792</b>	<b>30,120</b>	<b>41,335</b>
Interest expense, net	4,811	1,677	1,824
Income tax receivable agreement expense (income)	103	(436)	58
<b>Income before provision for income taxes</b>	<b>34,878</b>	<b>28,879</b>	<b>39,453</b>
Provision for income taxes	9,324	8,078	10,332
<b>Net income</b>	<b>\$ 25,554</b>	<b>\$ 20,801</b>	<b>\$ 29,121</b>
<b>Net income per share</b>			
Basic	\$ 0.75	\$ 0.57	\$ 0.81
Diluted	\$ 0.74	\$ 0.57	\$ 0.80
<b>Weighted-average shares used in computing net income per share</b>			
Basic	34,253,542	36,350,579	35,973,892
Diluted	34,374,706	36,575,904	36,446,756

See notes to consolidated financial statements.

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

	<b>For the Fiscal Years Ended</b>		
	<b>December 27, 2023</b>	<b>December 28, 2022</b>	<b>December 29, 2021</b>
Net income	\$ 25,554	\$ 20,801	\$ 29,121
Other comprehensive (loss) income			
Changes in derivative instruments			
Unrealized net gains arising during the period from interest rate swap	—	862	257
Reclassifications of (losses) gains into net income	(170)	(296)	486
Income tax benefit (expense)	44	(150)	(200)
Other comprehensive (loss) income, net of taxes	(126)	416	543
Comprehensive income	<u>\$ 25,428</u>	<u>\$ 21,217</u>	<u>\$ 29,664</u>

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) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
<b>Balance, December 30, 2020</b>	36,423,505	\$ 364	\$ 339,561	\$ (61,514)	\$ (833)	\$ 277,578
Stock-based compensation	—	—	3,220	—	—	3,220
Issuance of common stock related to restricted shares, net	246,780	2	(2)	—	—	—
Issuance of common stock upon exercise of stock options, net	132,760	1	865	—	—	866
Shares repurchased for employee tax withholdings	(40,384)	—	(705)	—	—	(705)
Forfeiture of common stock related to restricted shares	(161,013)	(2)	2	—	—	—
Other comprehensive loss, net of income tax	—	—	—	—	543	543
Net income	—	—	—	29,121	—	29,121
<b>Balance, December 29, 2021</b>	36,601,648	365	342,941	(32,393)	(290)	310,623
Stock-based compensation	—	—	3,491	—	—	3,491
Issuance of common stock related to restricted shares, net	356,610	4	(4)	—	—	—
Issuance of common stock upon exercise of stock options, net	185,798	2	1,711	—	—	1,713
Shares repurchased for employee tax withholdings	(30,128)	—	(322)	—	—	(322)
Forfeiture of common stock related to restricted shares	(105,867)	(1)	1	—	—	—
Other comprehensive income, net of income tax	—	—	—	—	416	416
Common stock cash dividends (\$1.50 per share)	—	—	(55,574)	—	—	(55,574)
Net income	—	—	—	20,801	—	20,801
<b>Balance, December 28, 2022</b>	37,008,061	370	292,244	(11,592)	126	281,148
Stock-based compensation	—	—	2,964	—	—	2,964
Issuance of common stock related to restricted shares, net	454,081	5	(5)	—	—	—
Issuance of common stock upon exercise of stock options, net	219,960	2	1,169	—	—	1,171
Shares repurchased for employee tax withholdings	(26,344)	—	(243)	—	—	(243)
Repurchase of common stock	(6,030,850)	(61)	(59,155)	—	—	(59,216)
Repurchase of common stock - excise tax	—	—	(556)	—	—	(556)
Forfeiture of common stock related to restricted shares	(271,685)	(3)	3	—	—	—
Other comprehensive income, net of income tax	—	—	—	—	(126)	(126)
Net income	—	—	—	25,554	—	25,554
<b>Balance, December 27, 2023</b>	31,353,223	\$ 313	\$ 236,421	\$ 13,962	\$ -	\$ 250,696

See notes to consolidated financial statements.

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

	<b>For the Fiscal Years Ended</b>		
	<b>December 27, 2023</b>	<b>December 28, 2022</b>	<b>December 29, 2021</b>
<b>Cash flows from operating activities:</b>			
Net income	\$ 25,554	\$ 20,801	\$ 29,121
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	15,235	14,418	15,176
Stock-based compensation expense	2,964	3,491	3,220
Income tax receivable agreement (income) expense	103	(436)	58
Fire insurance proceeds for expenses paid and lost profit	327	—	—
(Gain) loss on disposition of restaurants	(5,034)	(848)	1,534
Loss on disposal of assets	192	165	289
Gain on recovery of insurance proceeds, property, equipment and expenses, net	(247)	—	—
Impairment of property and equipment	1,536	481	711
Amortization of deferred financing costs	201	340	251
Deferred income taxes, net	906	4,600	957
Changes in operating assets and liabilities:			
Accounts and other receivables	(216)	3,323	(3,444)
Inventories	531	(125)	(218)
Prepaid expenses and other current assets	(1,972)	71	133
Income taxes (receivable) payable	838	(1,657)	3,410
Other assets	(309)	(240)	(1,052)
Accounts payable	(3,965)	3,977	2,533
Accrued salaries and vacation	459	(2,667)	1,373
Accrued insurance	711	(73)	777
Payment related to tax receivable agreement	(350)	(430)	(1,658)
Other accrued expenses and liabilities	3,224	(6,642)	(1,072)
Net cash flows provided by operating activities	<b>40,688</b>	<b>38,549</b>	<b>52,099</b>
<b>Cash flows from investing activities:</b>			
Proceeds from disposition of restaurants	7,722	1,002	4,556
Proceeds from fire insurance for property and equipment	163	—	—
Purchase of property and equipment	(21,332)	(19,917)	(17,041)
Net cash flows used in investing activities	<b>(13,447)</b>	<b>(18,915)</b>	<b>(12,485)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings on revolver and swingline loans	39,000	46,000	—
Payments on revolver and swingline loan	(21,000)	(20,000)	(22,800)
Minimum tax withholdings related to net share settlements	(243)	(322)	(705)
Common stock dividends paid	—	(55,574)	—
Proceeds from issuance of common stock upon exercise of stock options, net of expenses	1,171	1,713	866
Payment of obligations under finance leases	(158)	(162)	(148)
Deferred financing costs for revolver loan	—	(842)	—
Repurchases of common stock	(59,216)	—	—
Net cash flows used in by financing activities	<b>(40,446)</b>	<b>(29,187)</b>	<b>(22,787)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(13,205)</b>	<b>(9,553)</b>	<b>16,827</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>20,493</b>	<b>30,046</b>	<b>13,219</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,288</b>	<b>\$ 20,493</b>	<b>\$ 30,046</b>

	<b>For the Fiscal Years Ended</b>		
	<b>December 27, 2023</b>	<b>December 28, 2022</b>	<b>December 29, 2021</b>
<b>Supplemental cash flow information</b>			
Cash paid during the period for interest	\$ 4,819	\$ 1,450	\$ 1,066
Cash paid during the period for income taxes	\$ 7,721	\$ 5,100	\$ 5,968
Unpaid purchases of property and equipment	\$ 5,098	\$ 1,333	\$ 2,454
Unpaid repurchases of common stock	\$ —	\$ —	\$ —

See 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 referred to herein as the “Company.” The Company’s activities are conducted principally through its indirect wholly-owned subsidiary, El Pollo Loco, Inc. (“EPL”), which develops, franchises, licenses and operates quick-service restaurants under the name El Pollo Loco ®. The restaurants, which are located principally in California but also in Arizona, Nevada, Texas, Colorado, Utah and Louisiana, specialize in fire-grilling citrus-marinated chicken in a wide variety of contemporary Mexican and LA-inspired entrees, including specialty chicken burritos, chicken quesadillas, chicken tostada salads, chicken tortilla soup, variations on the Company’s Pollo Bowl®, Pollo Salads and Pollo Fit entrees. At December 27, 2023, the Company operated 172 (138 in the greater Los Angeles area) and franchised 323 (141 in the greater Los Angeles area) El Pollo Loco restaurants. In addition, the Company currently licenses five restaurants in the Philippines.

Holdings has no material assets or operations. Holdings and Holdings’ direct subsidiary, EPL Intermediate, Inc. (“Intermediate”), guarantee EPL’s 2022 Revolver (see Note 6 “Long-Term Debt”) on a full and unconditional basis and Intermediate has no subsidiaries other than EPL. EPL is a separate and distinct legal entity, and has no obligation to make funds available to Intermediate. EPL and Intermediate may pay dividends to Intermediate and to Holdings, respectively.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Liquidity

The Company’s principal liquidity and capital requirements are new restaurants, existing restaurant capital investments (remodel and maintenance), interest payments on its debt, lease obligations and working capital and general corporate needs. At December 27, 2023, the Company’s total debt was \$84.0 million. The Company’s ability to make payments on its indebtedness and to fund planned capital expenditures depends 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 \$7.3 million at December 27, 2023, and available borrowings under the 2022 Revolver (as defined in Note 6 “Long-Term Debt”) will be adequate to meet the Company’s liquidity needs for the next twelve months from the issuance of the consolidated financial statements.

### Basis of Presentation

The Company uses a 52- or 53-week fiscal year ending on the last Wednesday of each calendar year. Fiscal 2023, 2022, and 2021 ended on December 27, 2023, December 28, 2022 and December 29, 2021, 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 2023, 2022 and 2021 were 52-week fiscal years. 53-week years may cause revenues, expenses, and other results of operations to be higher due to the additional week of operations.

### Principles of Consolidation

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

### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) 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 property and equipment, insurance reserves, lease accounting matters, contingent liabilities and income tax valuation allowances.

### **Market Trends and Uncertainties**

On September 28, 2023, Governor Newsom signed AB 1228 into law, which repealed and replaced the Fast Food Accountability and Standards Recovery Act ("FAST Act") on January 1, 2024. Pursuant to AB 1228, the minimum wage at fast food restaurants that are part of brands which have more than 60 establishments nationwide will rise to \$20 an hour on April 1, 2024, and a Fast Food Council created by AB 1228 will have limited power to approve annual wage increases until 2029. Under the law, the Fast Food Council will also have the power to develop and propose minimum standards for fast food workers, including standards for working hours, working conditions, and health and safety. As a result of AB 1228, the Company expects its labor and regulatory compliance costs will increase beginning in fiscal 2024 and that its results of operations and profitability will be adversely affected if it is not able to implement other measures to counter these increased costs.

The Company has experienced inflationary pressures affecting its operations in certain areas such as food cost, labor costs, construction costs and other restaurant operating costs. The Company has been able to substantially offset these inflationary and other cost pressures through various actions, such as increasing menu prices, managing menu mix, and productivity improvements. However, the Company expects these inflationary and other cost pressures to continue throughout fiscal year 2024 and it may not be able to offset cost increases in the future.

### **Cash and Cash Equivalents**

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

### **Subsequent Events**

Subsequent to year-end, on February 13, 2024, the Company announced that its Board of Directors has appointed Elizabeth Williams as the new Chief Executive Officer of the Company and as a member of the Board, effective March 11, 2024. Ms. Williams will succeed Maria Hollandsworth, who has served as the Company's interim Chief Executive Officer since November 3, 2023.

Further, the Company paid down \$3.0 million on its 2022 Revolver resulting in outstanding borrowings as of March 7, 2024 of \$81.0 million.

### **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 one supplier for which amounts due at December 27, 2023 totaled 15.14% of the Company's accounts payable. As of December 28, 2022, the Company had one supplier for which the amount due totaled 41.7% of the Company's accounts payable. Purchases from the Company's largest supplier totaled 26.6% of the Company's purchases for fiscal 2023, 28.5% for fiscal 2022 and 27.1% for fiscal 2021 with no amounts payable at December 27, 2023 or December 28, 2022.

In fiscal 2023, 2022 and 2021, Company-operated and franchised restaurants in the greater Los Angeles area generated, in the aggregate, approximately 71.3%, 71.2%, and 70.9%, respectively, of total revenue. One franchisee accounted for 11.4% of total accounts receivable as of December 27, 2023, and one franchisee accounted for 12.9% of total accounts receivable as of December 28, 2022.

Management believes the loss of the significant supplier or franchisee could have a material adverse effect on the Company's consolidated results of operations and financial condition.

## Accounts and Other Receivables, Net

Accounts and other receivables consist primarily of royalties, advertising and sublease rent and related amounts receivable from franchisees. Such receivables are due on a monthly basis, which may differ from the Company's fiscal month-end dates. Accounts and other receivables also include credit/debit card receivables. The need for an allowance for doubtful accounts is reviewed on a specific identification basis and takes into consideration past due balances and the financial strength of the obligor.

## Inventories

Inventories consist principally of food, beverages and supplies and are valued at the lower of average cost or net realizable value.

## Property and Equipment, Net

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for reimbursements and improvements that significantly add to the productivity capacity or extend the useful life are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Leasehold improvements and property held under finance 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
Property/equipment held under finance leases	Shorter of useful life or lease term
Leasehold improvements	Shorter of useful life or lease term

The Company capitalizes certain directly attributable internal costs in conjunction with the acquisition, development and construction of future restaurants. The Company also capitalizes certain directly attributable 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 income, and were \$0.2 million for the year ended December 27, 2023 and less than \$0.1 million for each of the years ended December 28, 2022 and December 29, 2021. The Company capitalized internal costs related to site selection and construction activities of \$1.8 million, \$1.5 million and \$1.4 million for the years ended December 27, 2023, December 28, 2022 and December 29, 2021, respectively.

## Impairment of Property and Equipment and ROU Assets

The Company reviews its property and equipment and right-of-use assets ("ROU assets") for impairment on a restaurant-by-restaurant basis whenever events or changes in circumstances indicate that the carrying value of certain property and equipment and ROU assets may not be recoverable. The Company considers a triggering event, related to property and equipment assets or ROU assets in a net asset position, to have occurred related to a specific restaurant if the restaurant's Average Unit Volume ("AUV") for the last twelve months are less than a minimum threshold or if consistent levels of undiscounted cash flows for the remaining lease period are less than the carrying value of the restaurant's assets. Additionally, the Company considers a triggering event, related to ROU assets, to have occurred related to a specific lease if the location has been closed or subleased and future estimated sublease income is less than current lease payments. As of December 27, 2023 and December 28, 2022, ROU assets related to closed or subleased restaurant locations totaled \$42.8 million and \$30.7 million, respectively. If the Company concludes that the carrying

value of certain property and equipment and ROU assets will not be recovered based on expected undiscounted future cash flows, an impairment loss is recorded to reduce the property and equipment or ROU assets to their estimated fair value. The fair value is measured on a nonrecurring basis using unobservable (Level 3) inputs. There is uncertainty in the projected undiscounted future cash flows used in the Company's impairment review analysis, which requires the use of estimates and assumptions. If actual performance does not achieve the projections, or if the assumptions used change in the future, the Company may be required to recognize impairment charges in future periods, and such charges could be material. The Company determined that triggering events occurred for certain stores during the year ended December 27, 2023 that required an impairment review of the Company's property and equipment and ROU assets. Based on the results of this analysis, the Company recorded non-cash impairment charges of \$1.5 million for the year ended December 27, 2023, primarily related to the carrying value of the ROU assets of one restaurant in California and the property and equipment assets of one restaurant in Nevada.

In fiscal 2022, the Company recorded non-cash impairment charges of \$0.5 million primarily related to the carrying value of the ROU assets of one restaurant in California that closed in 2021 and the property and equipment assets of two restaurants in California. In fiscal 2021, the Company recorded a non-cash impairment charge of \$0.7 million primarily related to the carrying value of the ROU assets of one restaurant in Texas that closed in 2019, the carrying value of one restaurant in California that closed in 2021 and the property and equipment assets of three restaurants in California. Given the inherent uncertainty in projecting results for newer restaurants in newer markets, the Company is monitoring the recoverability of the carrying value of the assets of several restaurants on an ongoing basis. For these restaurants, if expected performance is not realized, an impairment charge may be recognized in future periods, and such charge could be material.

#### **Closed-Store Reserves**

When a restaurant is closed, the Company will evaluate the ROU asset for impairment, based on anticipated sublease recoveries. The remaining value of the ROU asset is amortized on a straight-line basis, with the expense recognized in closed-store reserve expense. Additionally, any property tax and common area maintenance ("CAM") payments relating to closed restaurants are included within closed-store expense.

During fiscal 2023, 2022 and 2021, the Company recognized \$0.2 million, \$0.3 million and \$0.4 million, respectively, of closed-store reserve expense related to the amortization of ROU assets, property taxes and CAM payments for its closed locations.

#### **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. The Company does not amortize its goodwill and indefinite-lived intangible assets. Goodwill resulted from the acquisition of certain franchise locations.

Upon the sale or refranchising of a restaurant, the Company evaluates whether there is a decrement of goodwill. The amount of goodwill included in the cost basis of the asset sold is determined based on the relative fair value of the portion of the reporting unit disposed of compared to the fair value of the reporting unit retained. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay the Company associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. The Company did not record any decrement to goodwill related to the disposition of restaurants in fiscal 2023, 2022 and 2021.

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

The Company reviews goodwill for impairment utilizing either a qualitative assessment or a fair value test by comparing the fair value of a reporting unit with its carrying amount. 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 fair value test, the Company will compare 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. If the carrying amount of a reporting unit exceeds its fair value, the Company will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit.

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

The assumptions used in the estimate of fair value are generally consistent with the past performance of the Company's reporting segment 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 Company determined that there were no indicators of potential impairment of its goodwill and indefinite-lived intangible assets during fiscal 2023. Accordingly, the Company did not record any impairment to its goodwill or indefinite-lived intangible assets during the year ended December 27, 2023.

### **Deferred Financing Costs**

Deferred financing costs are capitalized and amortized over the period of the loan on a straight-line basis. Included in other assets are deferred financing costs (net of accumulated amortization), related to the revolver, of \$0.7 million and \$0.9 million as of December 27, 2023 and December 28, 2022, respectively. Amortization expense for deferred financing costs was approximately \$0.2 million for the year ended December 27, 2023 and \$0.3 million for both of the years ended December 28, 2022, and December 29, 2021, and is reflected as a component of interest expense in the accompanying consolidated statements of income.

### **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 27, 2023 and December 28, 2022, the Company had accrued \$11.8 million and \$11.1 million, 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 27, 2023, December 28, 2022 and December 29, 2021, totaled \$9.2 million, \$8.7 million, and \$9.0 million, respectively. These amounts are included in labor and related expenses and general and administrative expenses on the accompanying consolidated statements of income.

### **Restaurant 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 \$8.7 million, \$7.5 million and \$7.7 million during the years ended December 27, 2023, December 28, 2022, and December 29, 2021, respectively.

The Company offers a loyalty rewards program, which awards a customer points for dollars spent. Customers earn points for each dollar spent and points can be redeemed for multiple redemption options. If a customer does not earn or use points within a one-year period, their account is deactivated and all points expire. When a customer is part of the rewards program, the obligation to provide future discounts related to points earned is considered a separate performance obligation, to which a portion of the transaction price is allocated. The performance obligation related to loyalty points is deemed to have been satisfied, and the amount deferred in the balance sheet is recognized as revenue, when the points are transferred to a reward and redeemed, the reward or points have expired, or the likelihood of redemption is remote. A portion of the transaction price is allocated to loyalty points, if necessary, on a pro-rata basis, based on stand-alone selling price, as determined by menu pricing and loyalty points terms. As of December 27, 2023 and

December 28, 2022, the revenue allocated to loyalty points that have not been redeemed was \$0.7 million and \$0.5 million, respectively, which is reflected in the Company's accompanying consolidated balance sheets within other accrued expenses and current liabilities. The Company expects the loyalty points to be redeemed and recognized over a one-year period.

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. Furthermore, due to these escheatment rights, the Company does not recognize breakage related to the sale of gift cards due to the immateriality of the amount remaining after escheatment. The Company recognizes income from gift cards when redeemed by the customer. Unredeemed gift card balances are deferred and recorded as other accrued expenses on the accompanying consolidated balance sheets.

## Franchise Revenue

Franchise revenue consists of franchise royalties, initial franchise fees, license fees due from franchisees and IT support services. Rental income for subleases to franchisees are outside of the scope of the revenue standard and are within the scope of lease guidance. Under Topic 842, sublease income is recorded on a net basis within the consolidated statements of income. 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.

For franchise and development agreement fees, the initial franchise services, or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are, therefore, treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the franchise or renewal term, which is typically twenty years. As of December 27, 2023, the Company had executed development agreements that represent commitments to open 107 franchised restaurants at various dates through 2036.

This revenue stream is made up of the following performance obligations:

- Franchise License – inclusive of advertising services, development agreements, training, access to plans and help desk services;
- Discounted renewal option; and
- Hardware services.

The Company satisfies the performance obligation related to the franchise license over the term of the franchise agreement, which is typically 20 years. Payment for the franchise license consists of three components, a fixed-fee related to the franchise/development agreement, a sales-based royalty fee and a sales-based advertising fee. The fixed fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component.

The sales-based royalty fee and sales-based advertising fee are considered variable consideration and are recognized as revenue as such sales are earned by the franchisees. Both sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. Additionally, the Company is utilizing the practical expedient available under ASC Topic 606, "Revenue from Contracts with Customers" ("Topic 606") regarding disclosure of the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied for sales-based royalties.

In certain franchise agreements, the Company offers a discounted renewal to incentivize future renewals after the end of the initial franchise term. As this is considered a separate performance obligation, the Company allocated a portion of the initial franchise fee to this discounted renewal, on a pro-rata basis, assuming a 20 year renewal. This performance obligation is satisfied over the renewal term, which is typically 10 or 20 years, while payment is fixed and due at the time the renewal is signed.

The Company purchases hardware, such as scanners, printers, cash registers and tablets, from third-party vendors, which it then sells to franchisees. As the Company is considered the principal in this relationship, payment received for the

hardware is considered revenue, and is received upon transfer of the goods from the Company to the franchisee. As of December 27, 2023, there were no performance obligations, related to hardware services that were unsatisfied or partially satisfied.

### **Franchise Advertising Fee Revenue**

The Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within franchise expenses.

### **Advertising Costs**

Advertising expense is recorded as the obligation to contribute to the advertising fund and is accrued, generally when the associated revenue is recognized. Advertising expense, which is a component of occupancy and other operating expenses, was \$16.2 million, \$16.4 million and \$16.1 million for the years ended December 27, 2023, December 28, 2022 and December 29, 2021, respectively. In addition, there was \$29.2 million, \$28.5 million and \$25.9 million for the years ended December 27, 2023, December 28, 2022 and December 29, 2021, 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, which is included within franchise advertising fee revenue. Fees received in advance of provided services are included in other accrued expenses and current liabilities and were \$3.0 million and \$0.8 million at December 27, 2023 and December 28, 2022, respectively. Company-operated restaurants contribute to the advertising fund on the same basis as franchised restaurants. At December 27, 2023, the Company was obligated to spend \$3.0 million more 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. Total contributions and other marketing expenses are included in general and administrative expenses in the accompanying consolidated statements of income.

### **Preopening Costs**

Preopening costs incurred in connection with the opening of new restaurants are expensed as incurred. For each of the years ended December 27, 2023, December 28, 2022, and December 29, 2021, preopening costs, which are included in general and administrative expenses on the accompanying consolidated statements of income were \$0.3 million.

### **Leases**

The Company's operations utilize property, facilities, equipment and vehicles. 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 net revenues more than a defined amount. Initial terms of land and restaurant building leases generally have terms of 20 years, exclusive of options to renew. ROU assets and operating and finance lease liabilities are recognized at the lease commencement date, which is the date the Company takes possession of the property. Operating and finance lease liabilities represent the present value of lease payments not yet paid. ROU assets represent the Company's right to use an underlying asset and are based upon the operating and finance lease liabilities adjusted for prepayments or accrued lease payments, lease incentives, and impairment of ROU assets. To determine the present value of lease payments not yet paid, the Company estimates incremental borrowing rates corresponding to the lease term including reasonably certain renewal periods.

The Company's leases generally have escalating rents over the term of the lease, and are recorded on a straight-line basis over the expected lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the right-of-use asset related to the lease. These are amortized through the operating lease asset as reductions of expense over the lease term.

Operating and finance lease liabilities that are based on an index or rate are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as

variable lease expenses. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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.

### **Gain on Recovery of Insurance Proceeds, Lost Profits**

During fiscal 2023 and fiscal 2022, two of the Company's restaurants incurred damage resulting from a fire. In fiscal 2023, the Company incurred costs directly related to the fire of less than \$0.1 million. The Company recognized gains of \$0.2 million, related to the reimbursement of property and equipment and expenses incurred and \$0.3 million related to the reimbursement of lost profits. The gain on recovery of insurance proceeds and reimbursement of lost profits, net of the related costs, is included in the accompanying consolidated statements of income, for the year ended December 27, 2023, as a reduction of Company restaurant expenses. The Company received from the insurance company cash of \$0.5 million, net of the insurance deductible, during fiscal 2023.

### **Gain (Loss) on Disposition of Restaurants**

During fiscal 2023, the Company completed the sale of 18 restaurants within California, Utah and Texas to existing franchisees. During fiscal 2022, the Company completed the sale of three company-operated restaurants within the Orange County area to an existing franchisee. During fiscal 2021, the Company completed the sale of eight restaurants within the Sacramento area to an existing franchisee. The Company has determined that these restaurant dispositions represent multiple element arrangements, and as a result, the cash consideration received was allocated to the separate elements based on their relative standalone selling price. Cash proceeds included upfront consideration for the sale of the restaurants and franchise fees, as well as future cash consideration for royalties. The cash consideration per restaurant related to franchise fees is consistent with the amounts stated in the related franchise agreements, which are charged for separate standalone arrangements. The Company initially defers and subsequently recognizes the franchise fees over the term of the franchise agreement. Future royalty income is also recognized in revenue as earned. During 2023, these sales resulted in cash proceeds of \$7.7 million and a net gain on sale of restaurant of \$5.0 million. The Orange County sale during 2022 resulted in cash proceeds of \$1.0 million and a net gain on sale of restaurants of \$0.8 million for the year ended December 28, 2022. The Sacramento sale resulted in cash proceeds of \$4.6 million and a net loss on sale of restaurants of \$1.5 million for the year ended December 29, 2021. Since the date of their sale, these restaurants are now included in the total number of franchised El Pollo Loco restaurants.

### **Derivative Financial Instruments**

The Company used an interest rate swap, a derivative instrument, to hedge interest rate risk and not for trading purposes. The derivative contract was entered into with a financial institution. In connection with the Company's entry into the 2022 Credit Agreement (as defined in Note 6 "Long-Term Debt"), it terminated the interest rate swap on July 28, 2022. The Company recorded the derivative instrument on its consolidated balance sheets at fair value. The derivative instrument qualified as a hedging instrument in a qualifying cash flow hedge relationship, and the gain or loss on the derivative instrument was reported as a component of accumulated other comprehensive (loss) income ("AOCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For any derivative instruments not designated as hedging instruments, the gain or loss will be recognized in earnings immediately.

### **Income Taxes**

The provision for income taxes, income taxes payable and deferred income taxes is determined using the asset and liability method. Deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. On a periodic basis, 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 charging to tax expense a reserve for the portion of 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 it 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 likelihood of more than 50%. 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 as the largest amount of tax benefit that is greater than 50% 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 the Company’s results of operations, financial position and cash flows.

The Company’s policy is to recognize interest or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties at December 27, 2023 or December 28, 2022. During fiscal 2023, fiscal 2022 and fiscal 2021, there were no material unrecognized tax benefits. Management believes no significant change to the amount of unrecognized tax benefits will occur within the next twelve months.

On July 30, 2014, the Company entered into the TRA, which calls for the Company to pay to its pre-IPO stockholders 85% of the savings in cash that the Company realizes in its income taxes as a result of utilizing its net operating losses (“NOLs”) and other tax attributes attributable to preceding periods. As of December 27, 2023 and December 28, 2022, the Company had accrued \$0.4 million and \$0.7 million, respectively, relating to expected TRA payments. In fiscal 2023, 2022 and 2021, the Company paid \$0.3 million, \$0.4 million and \$1.7 million, respectively, to its pre-IPO stockholders under the TRA.

Under the CARES Act, the Company was able to defer its employer Social Security taxes that are otherwise owed for wage payment and the creation of refundable employee retention credits. The total amount deferred as of December 30, 2020 was \$4.9 million, of which 50% was due by December 31, 2021 and another 50% was due by December 31, 2022. As of December 28, 2022, the Company made all deferred payroll tax payments and did not have any corresponding balances included in other non-current liabilities on the Company’s consolidated balance sheet.

Additionally, the Company assessed its eligibility for the business relief provision under the CARES Act known as the Employee Retention Credit (“ERC”), a refundable payroll tax credit for 50% of qualified wages paid during 2020. The American Rescue Plan passed into law on March 11, 2021 extended the ERC through September 30, 2021, and the credit was increased to 70% of qualified wages paid from January 1, 2021 through September 30, 2021. During fiscal 2021, the Company recognized the ERC credit in the amount of \$3.4 million as income as it is probable that it will comply with the ERC eligibility requirements. The Company has elected an accounting policy to present government assistance as a reduction of the related expense. The ERC credit was initially recorded as a receivable as part of the accounts and other receivable on the consolidated balance sheet for the year ended December 29, 2021 and as an offset to the corresponding payroll expense which is classified as part of the labor and other operating expenses on the consolidated statements of income for the year ended December 29, 2021. During fiscal 2022, the Company received \$3.1 million in ERC and the remaining \$0.3 million was received and recorded during fiscal 2023.

## **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: Observable 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.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. In other words, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment).

The following non-financial assets were measured at fair value, on a nonrecurring basis, as of and for the year ended December 27, 2023 reflecting certain property and equipment and ROU assets, for which an impairment loss was recognized during the corresponding periods, as discussed above under Impairment of Property and Equipment and ROU Assets (in thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Impairment Losses</u>
Certain property and equipment, net	\$ —	\$ —	\$ —	\$ —	\$ 1,497
Certain ROU assets, net	\$ 244	\$ —	\$ —	\$ 244	\$ 39

The following non-financial assets were measured at fair value, on a nonrecurring basis, as of and for the year ended December 28, 2022 reflecting certain property and equipment and ROU assets for which an impairment loss was recognized during the corresponding periods, as discussed above under "Impairment of Property and Equipment and ROU Assets" (in thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Impairment Losses</u>
Certain property and equipment, net	\$ —	\$ —	\$ —	\$ —	\$ 442
Certain ROU assets, net	\$ 327	\$ —	\$ —	\$ 327	\$ 39

The following non-financial assets were measured at fair value, on a nonrecurring basis, as of and for the year ended December 29, 2021 for which an impairment loss was recognized during the corresponding periods, as discussed above under "Impairment of Property and Equipment and ROU Assets" (in thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Impairment Losses</u>
Certain property and equipment, net	\$ —	\$ —	\$ —	\$ —	\$ 304
Certain ROU assets, net	\$ 411	\$ —	\$ —	\$ 411	\$ 407

### **Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and certain accrued expenses approximate fair value due to their short-term maturities. The recorded value of the TRA approximates fair value, based on borrowing rates currently available to the Company for debts with similar terms and remaining maturities (Level 3 measurement).

### **Stock-Based Compensation**

Stock-based compensation expense is recognized using a fair-value based method for costs related to all share-based payments including stock options and restricted stock issued under the Company's employee stock plans. The fair value of stock option awards is estimated on the date of grant using an option pricing model, which require the input of subjective assumptions. The Company is required to use judgment in estimating the amount of stock-based awards that are expected to be forfeited. If actual forfeitures differ significantly from the original estimate, stock-based compensation expense and the results of operations could be affected. 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 or restricted shares that are based on a performance requirement, the cost is recognized on an accelerated basis over the period to 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, options and restricted stock awards 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.

## Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure.” The ASU updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. These disclosures are required quarterly. The ASU is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024, with early adoption permitted. It is required to be adopted retrospectively for all prior periods presented in the financial statements. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied prospectively with the option of retrospective application. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

The Company reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to the consolidated financial statements.

## Franchise Development Option Agreement with Related Party

On July 11, 2014, EPL and Trimaran Pollo Partners, L.L.C (“Trimaran”) entered into a Franchise Development Option Agreement relating to development of restaurants in the New York–Newark, NY–NJ–CT–PA Combined Statistical Area (the “Territory”). EPL granted Trimaran the exclusive option to develop and open 15 restaurants in the Territory over five years (the “Initial Option”), and, provided that the Initial Option is exercised, the exclusive option to develop and open up to an additional 100 restaurants in the Territory over ten years. The Franchise Development Option Agreement terminates (i) ten years after execution, or (ii) if the Initial Option is exercised, five years after that exercise. Trimaran may only exercise the Initial Option if EPL first determines to begin development of company-operated restaurants in the Territory or support the development of the Territory. The Company has no current intention to begin development in the Territory and as of December 27, 2023, no stores have been opened in the Territory.

On March 28, 2023, Trimaran and certain of Trimaran’s affiliates, (collectively, the “Trimaran Group,”) distributed substantially all of the shares of the Company’s common stock held by the Trimaran Group to their respective investors, members and limited partners.

## 3. PROPERTY AND EQUIPMENT

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

	December 27, 2023	December 28, 2022
Land	\$ 12,323	\$ 12,323
Buildings and improvements	148,259	153,377
Other property and equipment	86,423	83,035
Construction in progress	7,270	3,196
	<u>254,275</u>	<u>251,931</u>
Less: accumulated depreciation and amortization	(170,248)	(173,287)
	<u>\$ 84,027</u>	<u>\$ 78,644</u>

Depreciation and amortization expense was \$15.2 million, \$14.4 million and \$15.2 million for the years ended December 27, 2023, December 28, 2022, and December 29, 2021, respectively.

Based on the Company’s review of its property and equipment assets for impairment, the Company recorded non-cash impairment charges of \$1.5 million, \$0.4 million and \$0.3 million for the years ended December 27, 2023,

December 28, 2022, and December 29, 2021, respectively. See “Impairment of Property and Equipment and ROU Assets” in Note 2 “Summary of Significant Accounting Policies” for additional information.

#### 4. TRADEMARKS AND OTHER INTANGIBLE ASSETS

Domestic trademarks consist of the following (in thousands):

	December 27, 2023	December 28, 2022
Cost	\$ 120,700	\$ 120,700
Accumulated impairment charges	(58,812)	(58,812)
Trademarks, net	<u>\$ 61,888</u>	<u>\$ 61,888</u>

#### 5. LEASES

##### Nature of leases

The Company’s operations utilize property, facilities, equipment and vehicles leased from others. Additionally, the Company has various contracts with vendors that have been determined to contain an embedded lease in accordance with Topic 842.

As of December 27, 2023, the Company had no leases that it had entered into, but had not yet commenced.

##### Building and facility leases

The majority of the Company’s building and facilities leases are classified as operating leases; however, the Company currently has one facility and 13 equipment leases that are classified as finance leases.

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 net revenues in excess of a defined amount. Additionally, a number of the Company’s leases have payments, which increase at pre-determined dates based on the change in the consumer price index. For all leases, the Company also reimburses the landlord for non-lease components, or items that are not considered components of a contract, such as common area maintenance, property tax and insurance costs. While the Company determined not to separate lease and non-lease components, these payments are based on actual costs, making them variable consideration and excluding them from the calculations of the ROU asset and lease liability.

The initial terms of land and restaurant building leases are generally 20 years, exclusive of options to renew. These leases typically have four 5-year renewal options, which have generally been excluded in the calculation of the ROU asset and lease liability, as they are not considered reasonably certain to be exercised, unless there have been significant leasehold improvements that have a useful life that extend past the original lease term. Furthermore, there are no residual value guarantees and no restrictions imposed by the lease.

During the year ended December 27, 2023, the Company reassessed the lease terms on 36 restaurants due to certain triggering events, such as the addition of significant leasehold improvements, the decision to terminate a lease, or the decision to renew. As a result of the reassessment, an additional \$21.5 million of ROU assets and lease liabilities for the year ended December 27, 2023 were recognized, and will be amortized over the new lease term.

During the year ended December 28, 2022, the Company reassessed the lease terms on 22 restaurants due to certain triggering events, such as the addition of significant leasehold improvements, the decision to terminate a lease, or the decision to renew. As a result of the reassessment, an additional \$13.0 million of ROU assets and lease liabilities for the year ended December 28, 2022 were recognized, and will be amortized over the new lease term.

There were no reassessments that impacted the original lease classification during the year ended December 27, 2023. The reassessments had an impact on the original lease classification of one property during the year ended December 28, 2022 which represented \$0.7 million of the \$13.0 million total additional ROU asset and lease liabilities

for fiscal 2022. Additionally, as the Company adopted all practical expedients available under Topic 842, no reallocation between lease and non-lease components was necessary.

The Company also subleases facilities to certain franchisees and other non-related parties which are also considered operating leases. Sublease income also includes contingent rental income based on net revenues. The vast majority of these leases have rights to extend terms via fixed rental increases. However, none of these leases have early termination rights, the right to purchase the premises or any residual value guarantees. The Company does not have any related party leases.

During fiscal 2023, the Company determined that the carrying value of an ROU assets at one restaurant was not recoverable. As a result, the Company recorded a less than \$0.1 million non-cash impairment charge for the year ended December 27, 2023 related to one restaurant in California. During fiscal 2022, the Company determined that the carrying value of an ROU assets at one restaurant was not recoverable. As a result, the Company recorded a less than \$0.1 million non-cash impairment charge for the year ended December 28, 2022 related to one restaurant closed in California. During fiscal 2021, the Company determined that the carrying value of ROU assets at two restaurants were not recoverable. As a result, the Company recorded a \$0.4 million non-cash impairment charge for the year ended December 29, 2021 related to one restaurant closed in Texas in 2019 and one restaurant closed in California.

### **Equipment**

Leases of equipment primarily consist of restaurant equipment, copiers and vehicles. These leases are fixed payments with no variable component. Additionally, no optional renewal periods have been included in the calculation of the ROU Asset, there are no residual value guarantees and no restrictions imposed.

### **Significant Assumptions and Judgments**

In applying the requirements of Topic 842, the Company made significant assumptions and judgments related to determination of whether a contract contains a lease and the discount rate used for the lease.

In determining if any of the Company's contracts contain a lease, the Company made assumptions and judgments related to its ability to direct the use of any assets stated in the contract and the likelihood of renewing any short-term contracts for a period extending past twelve months.

The Company also made significant assumptions and judgments in determining an appropriate discount rate for property leases. These included using a consistent discount rate for a portfolio of leases entered into at varying dates, using the full 20-year term of the lease, excluding any options, and using the total minimum lease payments. For all other leases, the Company uses the discount rate implicit in the lease, or the Company's incremental borrowing rate.

As the Company has adopted the practical expedient not to separate lease and non-lease components, no significant assumptions or judgments were necessary in allocating consideration between these components, for all classes of underlying assets.

The following table presents the Company's total lease cost, disaggregated by underlying asset (in thousands):

	<u>December 27, 2023</u>			<u>December 28, 2022</u>			<u>December 29, 2021</u>		
	<u>Property Leases</u>	<u>Equipment Leases</u>	<u>Total</u>	<u>Property Leases</u>	<u>Equipment Leases</u>	<u>Total</u>	<u>Property Leases</u>	<u>Equipment Leases</u>	<u>Total</u>
<b>Finance lease cost:</b>									
Amortization of right-of-use assets	\$ 73	\$ 2	\$ 75	\$ 73	\$ 2	\$ 75	\$ 78	\$ 2	\$ 80
Interest on lease liabilities	40	5	45	42	3	45	58	1	59
<b>Operating lease cost:</b>									
Fixed rent cost	27,597	387	27,984	26,537	1,005	27,542	26,501	1,122	27,623
Short-term lease cost	—	8	8	—	18	18	—	21	21
Variable lease cost	546	1,279	1,825	597	677	1,274	539	354	893
Sublease income	(5,570)	—	(5,570)	(4,555)	—	(4,555)	(3,823)	—	(3,823)
<b>Total lease cost</b>	<b>\$ 22,686</b>	<b>\$ 1,681</b>	<b>\$ 24,367</b>	<b>\$ 22,694</b>	<b>\$ 1,705</b>	<b>\$ 24,399</b>	<b>\$ 23,353</b>	<b>\$ 1,500</b>	<b>\$ 24,853</b>

The following table presents the Company's total lease cost on the consolidated statement of income (in thousands):

	<u>December 27, 2023</u>	<u>December 28, 2022</u>	<u>December 29, 2021</u>
Lease cost – Occupancy and other operating expenses	\$ 23,736	\$ 23,730	\$ 24,020
Lease cost – General & administrative	492	465	413
Lease cost – Depreciation and amortization	75	73	78
Lease cost – Interest expense	45	45	59
Lease cost – Closed-store reserve	19	86	283
<b>Total lease cost</b>	<b>\$ 24,367</b>	<b>\$ 24,399</b>	<b>\$ 24,853</b>

The Company had the following cash and non-cash activities associated with its leases (dollar amounts in thousands):

	December 27, 2023			December 28, 2022			December 29, 2021		
	Property Leases	Equipment Leases	Total	Property Leases	Equipment Leases	Total	Property Leases	Equipment Leases	Total
<b>Cash paid for amounts included in the measurement of lease liabilities</b>									
Operating cash flows used for operating leases	\$ 27,835	\$ 321	\$ 28,156	\$ 27,221	\$ 953	\$ 28,174	\$ 26,414	\$ 1,084	\$ 27,498
Financing cash flows used for finance leases	\$ 93	\$ 65	\$ 158	\$ 106	\$ 56	\$ 162	\$ 102	\$ 46	\$ 148
<b>Non-cash investing and financing activities:</b>									
Operating lease ROU assets obtained in exchange for lease liabilities:									
Operating lease ROU assets	\$ 21,448	\$ 54	\$ 21,502	\$ 12,978	\$ 92	\$ 13,070	\$ 17,763	\$ —	\$ 17,763
Finance lease ROU assets obtained in exchange for lease liabilities:									
Finance lease ROU assets	\$ —	\$ 135	\$ 135	\$ —	\$ 28	\$ 28	\$ —	\$ 196	\$ 196
Derecognition of ROU assets due to terminations, impairment or modifications									
	\$ (40)	\$ (4)	\$ (44)	\$ (39)	\$ (35)	\$ (74)	\$ (4,513)	\$ (99)	\$ (4,612)
<b>Other Information</b>									
Weighted-average remaining years in lease term—finance leases	16.87	3.15		17.87	3.19		18.42	4.02	
Weighted-average remaining years in lease term—operating leases	10.42	3.33		10.73	1.73		11.27	1.44	
Weighted-average discount rate—finance leases	2.57 %	5.68 %		2.57 %	1.53 %		2.78 %	1.54 %	
Weighted-average discount rate—operating leases	5.00 %	4.52 %		4.54 %	3.80 %		4.45 %	3.89 %	

Information regarding the Company's minimum future lease obligations at December 27, 2023 is as follows (in thousands):

For the Years Ending	Finance Leases	Operating Leases	
	Minimum Lease Payments	Minimum Lease Payments	Minimum Sublease Income
December 25, 2024	\$ 191	\$ 28,328	\$ 5,886
December 31, 2025	187	27,126	5,518
December 30, 2026	154	25,043	5,034
December 29, 2027	144	23,581	4,858
December 27, 2028	103	21,384	4,484
Thereafter	1,376	118,426	27,854
Total	\$ 2,155	\$ 243,888	\$ 53,634
Less: imputed interest (2.57% - 5.68%)	(398)	(56,314)	
Present value of lease obligations	1,757	187,574	
Less: current maturities	(140)	(19,490)	
Noncurrent portion	\$ 1,617	\$ 168,084	

#### Short-Term Leases

The Company has multiple short-term leases, which have terms of less than 12 months, and thus were excluded from the recognition requirements of Topic 842. The Company has recognized these lease payments in its consolidated statement of income on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

## **Lessor**

The Company is a lessor for certain property, facilities and equipment owned by the Company and leased to others, principally franchisees, under non-cancelable leases with initial terms ranging from 3 to 20 years. These lease agreements generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or net revenues. All leases are considered operating leases.

For the leases in which the Company is the lessor, there are options to extend the lease. However, there are no terms and conditions to terminate the lease, no right to purchase premises and no residual value guarantees. Additionally, there are no related party leases.

For the years ended December 27, 2023, December 28, 2022, and December 29, 2021, the Company received \$0.3 million, \$0.4 million and \$0.4 million, respectively, of lease income from company-owned locations.

## **6. LONG-TERM DEBT**

On July 27, 2022, the Company refinanced and terminated its credit agreement (the “2018 Credit Agreement”) among EPL, as borrower, the Company and Intermediate, as guarantors, Bank of America, N.A., as administrative agent, swingline lender, and letter of credit issuer, the lenders party thereto, and the other parties thereto, which provided for a \$150.0 million five-year senior secured revolving credit facility (the “2018 Revolver”). The 2018 Revolver was refinanced pursuant to a credit agreement (the “2022 Credit Agreement”) among EPL, as borrower, the Company and Intermediate, as guarantors, Bank of America, N.A., as administrative agent, swingline lender, and letter of credit issuer, the lenders party thereto, and the other parties thereto, which provides for a \$150.0 million five-year senior secured revolving credit facility (the “2022 Revolver”). In connection with the refinancing, the 2018 Credit Agreement was terminated.

The 2022 Revolver includes a sub limit of \$15.0 million for letters of credit and a sub limit of \$15.0 million for swingline loans. The 2022 Revolver and 2022 Credit Agreement will mature on July 27, 2027. The obligations under the 2022 Credit Agreement and related loan documents are guaranteed by Holdings and Intermediate. The obligations of Holdings, EPL and Intermediate under the 2022 Credit Agreement and related loan documents are secured by a first priority lien on substantially all of their respective assets.

The special dividend announced by the Company’s Board of Directors on October 11, 2022 was permitted under the terms of 2022 Revolver pursuant to both subclause (iii)(d) and (iii)(e) of the following sentence. Under the 2022 Revolver, Holdings is restricted from making certain payments such as cash dividends, except that it may, inter alia, (i) pay up to \$1.0 million per year to repurchase or redeem qualified equity interests of Holdings held by past or present officers, directors, or employees (or their estates) of the Company upon death, disability, or termination of employment, (ii) pay under its TRA, and (iii) so long as no default or event of default has occurred and is continuing, (a) make non-cash repurchases of equity interests in connection with the exercise of stock options by directors, officers and management, provided that those equity interests represent a portion of the consideration of the exercise price of those stock options, (b) pay up to \$0.5 million in any 12 month consecutive period to redeem, repurchase or otherwise acquire equity interests of any subsidiary that is not a wholly-owned subsidiary from any holder of equity interest in such subsidiary, (c) pay up to \$2.5 million per year pursuant to stock option plans, employment agreements, or incentive plans, (d) make up to \$5.0 million in other restricted payments per year, and (e) make other restricted payments, subject to its compliance, on a pro forma basis, with (x) a lease-adjusted consolidated leverage ratio not to exceed 4.25 times and (y) the financial covenants applicable to the 2022 Revolver.

Borrowings under the 2022 Credit Agreement (other than any swingline loans) bear interest, at the borrower’s option, at rates based upon either the secured overnight financing rate (“SOFR”) or a base rate, plus, for each rate, a margin determined in accordance with a lease-adjusted consolidated leverage ratio-based pricing grid. The base rate is calculated as the highest of (a) the federal funds rate plus 0.50%, (b) the published Bank of America prime rate, or (c) Term SOFR with a term of one-month SOFR plus 1.00%. For Term SOFR loans, the margin is in the range of 1.25% to 2.25%, and for base rate loans the margin is in a range of 0.25% to 1.25%. Borrowings under the 2022 Revolver may be repaid and reborrowed. For borrowings under the 2022 Revolver during fiscal 2023, the interest rate range was 5.7% to 7.0%. For borrowings under the 2022 Revolver and the 2018 Revolver during fiscal 2022, the interest rate range was 1.4% to 6.0%. The interest rate under the 2022 Revolver was 7.0% at December 27, 2023 and 5.7% at December 28, 2022. For the year ended December 27, 2023, the Company had interest expense of \$4.4 million under the

2022 Revolver. For the years ended December 28, 2022 and December 29, 2021, the Company had interest expense of \$0.9 million and \$1.2 million, respectively, under the 2022 Revolver and the 2018 Revolver.

The 2022 Credit Agreement contains certain financial covenants. The Company was in compliance with all such covenants at December 27, 2023.

At December 27, 2023, \$9.8 million of letters of credit and \$84.0 million of borrowings were outstanding under the 2022 Revolver. The amount available under the 2022 Revolver was \$56.2 million at December 27, 2023. At December 28, 2022, \$9.8 million of letters of credit and \$66.0 million of borrowings were outstanding under the 2022 Revolver. The amount available under the 2022 Revolver was \$74.2 million at December 28, 2022.

## Maturities

On July 27, 2022, the Company refinanced and terminated the 2018 Revolver pursuant to the 2022 Credit Agreement. The 2022 Revolver and 2022 Credit Agreement will mature on July 27, 2027. During the year ended December 27, 2023, the Company borrowed \$18.0 million net of pay downs of \$21.0 million on its 2022 Revolver. During the year ended December 28, 2022, the Company borrowed \$26.0 million net of pay downs of \$20.0 million on its 2022 Revolver. There are no required principal payments prior to maturity for the 2022 Revolver.

## Interest Rate Swap

During the year ended December 25, 2019, the Company entered into a variable-to-fixed interest rate swap agreement with a notional amount of \$40.0 million that matures in June 2023. The objective of the interest rate swap was to reduce the Company's exposure to interest rate risk for a portion of its variable-rate interest payments on its borrowings under the 2018 Revolver. The interest rate swap was designated as a cash flow hedge, as the changes in the future cash flows of the swap were expected to offset changes in expected future interest payments on the related variable-rate debt, in accordance with Accounting Standards Codification ("ASC") 815 "Derivatives and Hedging."

In connection with the Company's entry into the 2022 Credit Agreement, on July 28, 2022, the Company terminated the interest rate swap, which was previously used to hedge interest rate risk. Prior to the interest rate swap termination, the swap was a highly effective cash flow hedge. In settlement of this swap, the Company received approximately \$0.6 million and derecognized the corresponding interest rate swap asset. The remaining amount in AOCI related to the hedging relationship will be reclassified into earnings when the hedged forecasted transaction is reported in earnings.

The following table summarizes the effect of the Company's cash flow hedge accounting on the consolidated statements of income (in thousands):

	December 27, 2023	December 28, 2022	December 29, 2021
Interest expense on hedged portion of debt	\$ —	\$ 439	\$ 568
Interest (income) expense on interest rate swap	(170)	(296)	486
Interest (income) expense on debt and derivatives, net	<u>\$ (170)</u>	<u>\$ 143</u>	<u>\$ 1,054</u>

The following table summarizes the effect of the Company's cash flow hedge accounting on AOCI for the years ended December 27, 2023, December 28, 2022 and December 29, 2021 (in thousands):

	Net Gain Recognized in OCI			(Gain) Loss Reclassified from AOCI into Interest Income		
	December 27, 2023	December 28, 2022	December 29, 2021	December 27, 2023	December 28, 2022	December 29, 2021
Interest rate swap	\$ —	\$ 862	\$ 257	\$ (170)	\$ (296)	\$ 486

See Note 2 "Summary of Significant Accounting Policies" for the fair value of the Company's derivative asset.

## 7. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

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

	<u>December 27, 2023</u>	<u>December 28, 2022</u>
Accrued sales and property taxes	\$ 5,229	\$ 5,270
Gift card liability	4,877	4,667
Loyalty rewards program liability	687	526
Accrued advertising	3,010	831
Accrued legal settlements and professional fees	720	1,303
Deferred franchise and development fees	586	610
Other	3,252	1,913
Total other accrued expenses and current liabilities	<u>\$ 18,361</u>	<u>\$ 15,120</u>

## 8. OTHER NONCURRENT LIABILITIES

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

	<u>December 27, 2023</u>	<u>December 28, 2022</u>
Deferred franchise and development fees	\$ 6,411	\$ 5,767
Other	34	89
Total other noncurrent liabilities	<u>\$ 6,445</u>	<u>\$ 5,856</u>

## 9. INCOME TAXES

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

<u>For the Years Ended</u>	<u>December 27, 2023</u>	<u>December 28, 2022</u>	<u>December 29, 2021</u>
Current income taxes:			
Federal	\$ 6,572	\$ 2,366	\$ 7,163
State	1,846	1,112	2,158
Total current	<u>8,418</u>	<u>3,478</u>	<u>9,321</u>
Deferred income taxes:			
Federal	(29)	2,958	93
State	935	1,642	918
Total deferred	<u>906</u>	<u>4,600</u>	<u>1,011</u>
Tax provision for income taxes	<u>\$ 9,324</u>	<u>\$ 8,078</u>	<u>\$ 10,332</u>

The provision for income taxes differs from the amount computed by applying the federal income tax rate of 21.0% for fiscal 2023, 2022 and 2021 as follows:

<b>For the Years Ended</b>	<b>December 27, 2023</b>	<b>December 28, 2022</b>	<b>December 29, 2021</b>
Statutory federal income tax rate applied to earnings before income taxes and extraordinary items	21.0 %	21.0 %	21.0 %
State income tax expense (net of federal benefit)	6.4	7.7	5.9
Change in valuation allowance	(19.3)	—	0.1
State credit expiration	19.1	—	—
TRA expense (income)	0.1	(0.3)	—
162(m)	0.6	0.5	0.8
WOTC Credit	(0.7)	(0.9)	(0.5)
Stock option exercises	0.1	0.3	(1.4)
Deferred tax liability true up	(1.1)	—	—
Other	0.5	(0.3)	0.3
<b>Total</b>	<b>26.7 %</b>	<b>28.0 %</b>	<b>26.2 %</b>

As of December 27, 2023, the Company had no federal and less than \$0.1 million state NOL carryforwards. These State NOLs expire beginning 2029. The utilization of NOL carryforwards and state enterprise zone credits may be subject to limitation under section 382 of the Internal Revenue Code of 1986 (the “Code”) and similar state law provisions.

Deferred income 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 has evaluated the available evidence supporting the realization of its gross deferred tax assets. After evaluating all of the positive and negative evidence, including the Company’s continued income from operations, the Company concluded that it is more likely than not that its deferred tax assets except for certain state credits will be realized. In fiscal 2021 and 2022, the Company recorded a valuation allowance of approximately \$0.1 million and \$0.5 million, respectively, against its deferred tax asset resulting from certain tax credits that may not be realizable prior to the time the credits expire. As of December 27, 2023, the Company released the corresponding valuation allowance since the ten-year carryover period for California Enterprise Zone credits expired at the end of fiscal 2023. As of December 28, 2022, the deferred tax assets related to the California Enterprise Zone credits, net of valuation allowances are \$0.5 million.

On July 30, 2014, the Company entered into the TRA. The TRA calls for the Company to pay its pre-IPO stockholders 85% of the cash savings that the Company realizes in its taxes as a result of utilizing its NOLs and other tax attributes attributable to preceding periods. The TRA charge expense (benefit) is a permanent add-back to the Company’s taxable income. In fiscal 2023, 2022 and 2021, TRA resulted in \$0.1 million of expense, \$0.4 million of income and less than \$0.1 of expense, respectively, in each case as a result of the amortization of interest expense related to the total expected TRA payments and changes in estimates for actual tax returns filed and future forecasted taxable income. In fiscal 2023, 2022 and 2021, the Company paid \$0.3 million, \$0.4 million and \$1.7 million, respectively, to its pre-IPO stockholders under the TRA.

The Company's deferred tax assets and liabilities as of December 27, 2023 and December 28, 2022 are summarized below.

	December 27, 2023	December 28, 2022
<b>Deferred assets:</b>		
Capital leases	\$ 62	\$ 55
Accrued vacation	470	508
Accrued workers' compensation	2,352	2,201
Enterprise zone and other credits	—	7,258
Net operating losses	5	5
Fixed assets	2,705	2,392
ROU liabilities	50,735	50,112
Other	5,560	4,397
Total deferred tax assets	<u>61,889</u>	<u>66,928</u>
Valuation allowance	—	(6,727)
Net deferred tax assets	<u>61,889</u>	<u>60,201</u>
<b>Deferred liabilities:</b>		
Goodwill	(5,938)	(6,420)
Trademark	(16,740)	(16,721)
Prepaid expense	(1,128)	(595)
ROU assets	(45,445)	(44,737)
Fixed assets	(1,470)	—
Other	(46)	267
Deferred tax liabilities	<u>(70,767)</u>	<u>(68,206)</u>
Net deferred tax liability	<u>\$ (8,878)</u>	<u>\$ (8,005)</u>

The net deferred tax asset/(liability) amounts above as of December 27, 2023 and December 28, 2022 have been classified in the accompanying consolidated balance sheets as noncurrent assets/(liabilities) and are as follows (in thousands):

	December 27, 2023	December 28, 2022
<b>Noncurrent:</b>		
(Liabilities) assets - state	\$ (416)	\$ 512
Liabilities - federal	(8,462)	(8,517)
Net deferred tax liability	<u>\$ (8,878)</u>	<u>\$ (8,005)</u>

As of December 27, 2023 and December 28, 2022, the Company had no accrual for unrecognized tax benefits. Consequently, no interest or penalties have been accrued by the Company. The Company believes that no significant changes to the amount of unrecognized tax benefits will occur within the next twelve months. The Company is subject to taxation in the United States and in various state jurisdictions.

The Company is no longer subject to U.S. examination for years before 2020 by the federal taxing authority, and for years before 2019 by state taxing authorities.

## 10. 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 were \$0.8 million for the years ended December 27, 2023, December 28, 2022 and December 29, 2021.

## 11. STOCK-BASED COMPENSATION

Pursuant to the 2018 Omnibus Equity Incentive Plan the Company grants stock options (“options”), restricted stock units, performance-based stock units and restricted stock. The Company has authorized 5,652,240 shares of common stock for issuance in connection with stock awards. On June 8, 2021, the Company’s stockholders approved amending the Equity Incentive Plan, formerly the 2018 Omnibus Equity Incentive Plan, under which the new aggregate share limit was increased to be 2,000,000 shares. As of December 27, 2023, 610,098 shares were available for grant.

During the years ended December 27, 2023, December 28, 2022 and December 29, 2021, the Company recognized stock-based compensation expense of \$3.0 million, \$3.5 million and \$3.2 million, 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 income.

### Stock Options

At December 27, 2023, options to purchase 843,320 shares of common stock of the Company were outstanding, including 380,896 vested and 462,424 unvested. Unvested options vest over time, or upon the Company’s achievement of annual financial goals. However, the compensation committee of the board of directors, as administrator of the Company’s Equity Incentive Plan, has the power to accelerate the vesting schedule of stock-based compensation, and, generally, in the event of an employee termination in connection with a change in control of the Company, any unvested portion of an award under the plan shall become fully vested. At December 27, 2023, there were no premium options that were granted above the stock price at date of grant. In fiscal 2023, the Company granted 562,344 options, with an exercise price equal to the fair market value of the common stock on the date of grant. The options granted in fiscal 2023 had a four year vesting period. Stock options generally expire ten years from the date of grant. In fiscal 2022, the Company granted 372,958 options, with an exercise price equal to the fair market value of the common stock on the date of grant. The options granted in fiscal 2022 had a four year vesting period. Stock options generally expire 10 years from the date of grant. Changes in options for the years ended December 27, 2023 and December 28, 2022, are as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Contractual Life Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding - December 29, 2021	978,078	\$ 11.45		
Grants	372,958	10.54		
Exercised	(185,798)	9.22		
Forfeited, cancelled or expired	(97,059)	12.06		
Outstanding – December 28, 2022	1,068,179	\$ 9.92		
Grants	562,344	9.15		
Exercised	(219,960)	5.32		
Forfeited, cancelled or expired	(567,243)	\$ 10.63		
Outstanding – December 27, 2023	843,320	\$ 10.13	6.73	\$ 33
Vested and expected to vest at December 27, 2023	835,581	\$ 10.14	6.71	\$ 32
Exercisable at December 27, 2023	380,896	\$ 11.09	3.90	\$ —

The intrinsic value of options exercised, calculated as the difference between the market value on the date of exercise and the exercise price, was \$0.9 million, \$0.8 million and \$1.6 million for fiscal years 2023, 2022 and 2021, respectively.

The Company measures and recognizes 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. For options that were based on performance requirements, costs were recognized over periods to which the performance criteria related. In order to calculate the Company’s stock options’ fair values and the associated compensation costs for share-based awards, the Company utilizes the Black–Scholes option pricing model and has developed estimates of various inputs including forfeiture rate, expected term, expected volatility, and risk-free interest rate. 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. The Company calculates 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 the Company's employee stock options. The Company does not anticipate paying any cash dividends for the foreseeable future and therefore uses an expected dividend yield of zero for option valuation purposes. Expected volatility is based on the Company's historical data. Volatility is calculated by taking the historical daily closing equity prices of the Company, prior to the grant date, over a period equal to the expected term.

The weighted-average estimated fair value of employee stock options granted in fiscal 2023 and 2022 was \$4.41 and \$4.89 per share, respectively, using the Black–Scholes model with the following weighted-average assumptions used to value the option grants:

	<u>December 27, 2023</u>	<u>December 28, 2022</u>
Expected volatility	43.8 %	43.0 %
Risk-free interest rate	3.7 %	2.9 %
Expected term (years)	6.20	6.25
Expected dividends	—	—

As of December 27, 2023, the Company had total unrecognized compensation expense of \$1.8 million related to unvested stock options, which the Company expects to recognize over a weighted average period of 2.9 years.

The above assumptions generally require significant judgment. If in the future the Company determines 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 term, the fair value calculated for the Company's 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.

The Company estimates its forfeiture rate based on an analysis of its 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 in fiscal 2023, 2022 and 2021. The Company will continue to use significant judgment in evaluating the expected term, volatility, and forfeiture rate related to its stock-based compensation.

### Restricted Shares

In fiscal 2023 and 2022, 454,081 and 356,610 restricted share awards were granted, respectively, at the fair market value on the date of grant. These grants vest based on continued service over one year for directors and four years for employees.

Changes in restricted shares for the years ended December 27, 2023 and December 28, 2022, are as follows:

	<u>Shares</u>	<u>Weighted-Average Fair Value</u>
Unvested shares at December 29, 2021	495,780	\$ 13.92
Granted	356,610	\$ 10.37
Released	(201,043)	\$ 13.32
Forfeited, cancelled, or expired	(105,867)	\$ 12.91
Unvested shares at December 28, 2022	545,480	\$ 12.02
Granted	454,081	\$ 9.08
Released	(190,415)	\$ 12.25
Forfeited, cancelled, or expired	(271,685)	\$ 11.06
Unvested shares at December 27, 2023	<u>537,461</u>	<u>\$ 9.94</u>

As of December 27, 2023, there was total unrecognized compensation expense of \$3.5 million related to unvested restricted share awards, which the Company expects to recognize over a weighted-average period of 2.48 years and unrecognized compensation expense of \$0.3 million related to unvested restricted units, which it expects to recognize over a weighted-average period of 0.87 years.

## 12. EARNINGS PER SHARE

Basic EPS is calculated using the weighted-average number of shares of common stock outstanding during the years ended December 27, 2023, December 28, 2022, and December 29, 2021. Diluted EPS is calculated using the weighted-average number of shares of common stock outstanding and potentially dilutive during the period, using the treasury stock method.

On October 11, 2022, the Company's Board of Directors approved a share repurchase program (the "2022 Stock Repurchase Plan") under which the Company was authorized to repurchase up to \$20.0 million of shares of its common stock through March 28, 2024.

Under the 2022 Stock Repurchase Plan, the Company was permitted to repurchase its common stock from time to time, in amounts and at prices that the Company deemed appropriate, subject to market conditions and other considerations. Pursuant to the 2022 Stock Repurchase Plan, the Company was authorized to effect repurchases using open market purchases, including pursuant to Rule 10b5-1 trading plans, and/or through privately negotiated transactions.

For the year ended December 27, 2023, the Company repurchased 2,030,850 shares of common stock under the 2022 Stock Repurchase Plan, using open market purchases, for total consideration of approximately \$20.0 million. The common stock repurchased under 2022 Stock Repurchase Plan were retired upon repurchase. The 2022 Stock Repurchase Plan commenced on January 9, 2023, and was completed on July 12, 2023.

On August 7, 2023, the Company entered into a Stock Repurchase Agreement with FS Equity Partners V, L.P. and FS Affiliates V, L.P. (together, the "Sellers"), pursuant to which the Company agreed to purchase an aggregate of 2,500,000 shares of the Company's common stock from the Sellers at a price of \$10.63 per share, representing the closing price of such shares as listed on Nasdaq on August 7, 2023, for a total purchase price of \$26.6 million. The repurchase was completed in August 2023.

Prior to the repurchase, Freeman Spogli & Co. ("Freeman Spogli"), collectively with the Sellers and certain other funds managed by Freeman Spogli, was the Company's largest stockholder. In addition, John Roth, a director of the Company until his resignation on August 16, 2023, is a general partner of Freeman Spogli and its chief executive officer.

On November 2, 2023, the Company announced that its Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to \$20,000,000 of shares of the Company's common stock. Shares may be repurchased from time to time on the open market, in block trades, pursuant to structured or derivative transactions or in privately negotiated transactions. The amount and timing of any shares repurchased under the program will be determined at the discretion of management and will depend on a number of factors, including the market price of the Company's stock, trading volume, general market and economic conditions, the Company's capital position, legal requirements, and other factors. The Company may also from time to time establish one or more plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, for the repurchase of shares of its common stock under the program. The repurchase program does not obligate the Company to acquire any particular number of shares. The repurchase program will terminate on March 31, 2025 and may be modified, suspended or discontinued at any time.

On November 29, 2023, in accordance with the board approved share repurchase program, the Company entered into a second Stock Repurchase Agreement with the Sellers (the "Repurchase Agreement"), pursuant to which the Company agreed to purchase an aggregate of 1,500,000 shares of the Company's common stock from the Sellers at a price of \$8.40 per share, representing the closing price of such shares as listed on Nasdaq on November 29, 2023, for a total purchase price of \$12,600,000. The repurchase was completed on December 4, 2023. Following completion of this repurchase, approximately \$7.4 million of our common stock remained available for repurchase under the share repurchase program at December 27, 2023. John Roth, a former director of the Company until his resignation effective August 16, 2023, is a general partner and chief executive officer of Freeman Spogli, which manages the Sellers.

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

	For the Years Ended		
	December 27, 2023	December 28, 2022	December 29, 2021
Numerator:			
Net income	\$ 25,554	\$ 20,801	\$ 29,121
Denominator:			
Weighted-average shares outstanding—basic	34,253,542	36,350,579	35,973,892
Weighted-average shares outstanding—diluted	34,374,706	36,575,904	36,446,756
Net income per share—basic	\$ 0.75	\$ 0.57	\$ 0.81
Net income per share—diluted	\$ 0.74	\$ 0.57	\$ 0.80
Anti-dilutive securities not considered in diluted EPS calculation	972,181	535,574	136,397

Below is a reconciliation of basic and diluted share counts.

	For the Years Ended		
	December 27, 2023	December 28, 2022	December 29, 2021
Weighted-average shares outstanding—basic	34,253,542	36,350,579	35,973,892
Dilutive effect of stock options and restricted shares	121,164	225,325	472,864
Weighted-average shares outstanding—diluted	34,374,706	36,575,904	36,446,756

### 13. COMMITMENTS AND CONTINGENCIES

#### Legal Matters

On or about November 5, 2015, a purported Holdings shareholder filed a derivative complaint on behalf of Holdings in the Court of Chancery of the State of Delaware against certain Holdings officers, directors and Trimaran, under the caption Armen Galustyan v. Sather, et al. (Case No. 11676-VCL). The derivative complaint alleges that these defendants breached their fiduciary duties to Holdings and were unjustly enriched when they sold shares of Holdings at artificially inflated prices due to alleged misrepresentations and omissions regarding EPL's comparable store sales in the second quarter of 2015. The Holdings shareholder's requested remedies include an award of compensatory damages to Holdings, as well as a court order to improve corporate governance by putting forward for stockholder vote certain resolutions for amendments to Holdings' Bylaws or Certificate of Incorporation. The Holdings shareholder voluntarily dismissed the action on October 7, 2020. A second purported Holdings shareholder filed a derivative complaint on or about September 23, 2016, under the caption Diep v. Sather, CA 12760-VCL in the Delaware Court of Chancery. The Diep action is also purportedly brought on behalf of Holdings, names the same defendants and asserts substantially the same claims on substantially the same alleged facts as does Galustyan. Defendants moved to stay or dismiss the Diep action.

On March 17, 2017, the Delaware court granted in part, and denied in part, the motion to stay the Diep action. The court denied defendants' motion to dismiss the complaint for failure to state a claim. On January 17, 2018, the court entered an order granting the parties' stipulation staying all proceedings in the Diep action for five months or until the completion of an investigation of the allegations in the action by a special litigation committee of the Holdings board of directors (the "SLC"). On September 25, 2020, after concluding its investigation, the SLC filed a motion to dismiss the Diep action and filed its investigative report under seal as an exhibit to the motion to dismiss.

On May 21, 2021, while the SLC's motion to dismiss the Diep action was pending, the Company filed a notice of proposed partial settlement of the Diep action with respect to defendants Kay Bogeajis, Laurance Roberts, Stephen J. Sather, Edward J. Valle, Douglas K. Ammerman, and Samuel N. Borgese (collectively, the "Settling Defendants"). Defendant Trimaran was not a party to the settlement. The court approved the settlement of \$625,000, less Plaintiffs' fees of \$156,250, on September 10, 2021, and dismissed all claims brought, or that could have been brought, against Settling Defendants. In connection with this settlement, the Company received \$469,000 in insurance proceeds, which was recorded within general and administrative expenses in the Company's statement of income for the year ended December 29, 2021.

On July 30, 2021, the court granted the SLC's motion to dismiss with respect to the claims asserted against remaining defendant Trimaran. On October 4, 2021, Plaintiffs filed a notice of appeal of the court's granting of the motion to dismiss against defendant Trimaran. Plaintiff filed its opening brief on December 6, 2021. SLC filed its answering brief on December 20, 2021 and the public version of the brief was filed on January 7, 2022. Plaintiffs filed the reply brief on January 4, 2022. The hearing on the appeal took place on March 30, 2022. On June 28, 2022, the court's granting of the motion to dismiss against Trimaran was affirmed.

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

### **Purchase 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 through the end of 2024.

At December 27, 2023, the Company's total estimated commitment to purchase chicken was \$31.3 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 three lease agreements. These leases have various terms, the latest of which expires in 2038. As of December 27, 2023, the potential amount of undiscounted payments the Company could be required to make in the event of non-payment by the primary lessee was \$3.8 million. The present value of these potential payments discounted at the Company's estimated pre-tax cost of debt at December 27, 2023 was \$2.6 million. 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 agreements in the event of non-payment under the leases. The Company believes that these cross-default provisions reduce the risk that payments will be required to be made under these leases.

### **Employment Agreements**

As of December 27, 2023, the Company had employment agreements with two of the officers of the Company. 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 its current directors and 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 future directors and officers.

## **14. RELATED PARTY TRANSACTIONS**

On March 28, 2023, Trimaran Group distributed substantially all of the shares of the Company's common stock held by the Trimaran Group to their respective investors, members and limited partners.

Additionally, on November 29, 2023, the Company entered into the Stock Repurchase Agreement with the Sellers. The Company previously repurchased 2,500,000 shares of its common stock from the Sellers pursuant to a Stock Repurchase

Agreement, dated August 7, 2023, as previously reported on Current Report on Form 8-K filed with the Securities and Exchange Commission on August 8, 2023. John Roth, a former director of the Company until his resignation effective August 16, 2023, is a general partner and chief executive officer of Freeman Spogli, which manages the Sellers. See Note 12 “Earnings per Share” for additional information.

## 15. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Revenue Recognition

#### *Nature of products and services*

The Company has two revenue streams, company-operated restaurant revenue and franchise related revenue. See Note 2 “Summary of Significant Accounting Policies” for a description of the revenue recognition policies.

#### *Franchise and franchise advertising fee revenue*

Franchise revenue consists of franchise royalties, initial franchise fees, license fees due from franchisees, IT support services, and rental income for subleases to franchisees. Franchise advertising fee revenue consists of advertising contributions received from franchisees.

#### *Disaggregated revenue*

The following table presents the Company’s revenues for the years ended December 27, 2023, December 28, 2022 and December 29, 2021 disaggregated by revenue source and market (in thousands):

	<u>December 27, 2023</u>	<u>December 28, 2022</u>	<u>December 29, 2021</u>
<b>Core Market<sup>(1)</sup>:</b>			
Company-operated restaurant revenue	\$ 381,319	\$ 384,504	\$ 371,067
Franchise revenue	19,805	17,953	16,062
Franchise advertising fee revenue	13,520	13,223	12,017
Total core market	<u>\$ 414,644</u>	<u>\$ 415,680</u>	<u>\$ 399,146</u>
<b>Non-Core Market<sup>(2)</sup>:</b>			
Company-operated restaurant revenue	\$ 17,118	\$ 18,714	\$ 23,666
Franchise revenue	21,197	20,272	17,667
Franchise advertising fee revenue	15,705	15,293	13,884
Total non-core market	<u>\$ 54,020</u>	<u>\$ 54,279</u>	<u>\$ 55,217</u>
<b>Total revenue</b>	<b><u>\$ 468,664</u></b>	<b><u>\$ 469,959</u></b>	<b><u>\$ 454,363</u></b>

(1) Core Market includes markets with existing company-operated restaurants at the time of the Company’s Initial Public Offering (“IPO”) on July 28, 2014.

(2) Non-Core Market includes markets entered into by the Company subsequent to the IPO date.

The following table presents the Company’s revenues disaggregated by geographic market for the years ended December 27, 2023, December 28, 2022 and December 29, 2021:

	<u>December 27, 2023</u>	<u>December 28, 2022</u>	<u>December 29, 2021</u>
Greater Los Angeles area market	71.3 %	71.2 %	70.9 %
Other markets	28.7 %	28.8 %	29.1 %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

*Contract balances*

The following table provides information about the change in the franchise contract liability balances during the year ended December 27, 2023 and December 28, 2022 (in thousands):

<b>December 29, 2021</b>	<b>\$ 6,328</b>
Revenue recognized - beginning balance	(744)
Additional contract liability	793
<b>December 28, 2022</b>	<b>\$ 6,377</b>
Revenue recognized - beginning balance	(791)
Additional contract liability	1,411
<b>December 27, 2023</b>	<b>\$ 6,997</b>

The Company's franchise contract liability includes development fees, initial franchise and license fees, franchise renewal fees, lease subsidies and royalty discounts and is included within other accrued expenses and current liabilities and other noncurrent liabilities within the accompanying consolidated balance sheets. The Company receives area development fees from franchisees when they execute multi-unit area development agreements. Initial franchise and license fees, or franchise renewal fees, are received from franchisees upon the execution of, or renewal of, a franchise agreement. Revenue is recognized from these agreements as the underlying performance obligation is satisfied, which is over the term of the agreement.

For the year ended December 27, 2023, there was an increase to the contract liability balance due to the Company's completion of the sale of 18 company-operated restaurants within the California, Utah and Texas to an existing franchisee. This resulted in a net gain on sale of restaurant of \$5.0 million including an additional contract liability of \$0.3 million, relating to allocation of the transaction price to various performance obligations under the applicable contracts of the sale. For the year ended December 28, 2022, there was an increase to the contract liability balance due to the Company's completion of the sale of three company-operated restaurants within the Orange County area to an existing franchisee. This resulted in additional contract liability of \$0.8 million, relating to allocation of the transaction price to various performance obligations under the applicable contracts of the sale.

The following table illustrates the estimated revenue to be recognized in the future related to performance obligations that are unsatisfied as of December 27, 2023 (in thousands):

<b>Franchise revenues:</b>	
2024	\$ 600
2025	555
2026	533
2027	513
2028	484
Thereafter	4,312
<b>Total</b>	<b>\$ 6,997</b>

Changes in the loyalty rewards program liability included in other accrued expenses and current liabilities on the consolidated balance sheets were as follows (in thousands):

	<u>December 27, 2023</u>	<u>December 28, 2022</u>	<u>December 29, 2021</u>
Loyalty rewards liability, beginning balance	\$ 526	\$ 687	\$ 900
Revenue deferred	2,065	2,754	2,677
Revenue recognized	(1,904)	(2,915)	(2,890)
Loyalty rewards liability, ending balance	<b>\$ 687</b>	<b>\$ 526</b>	<b>\$ 687</b>

The Company expects all loyalty points revenue related to performance obligations unsatisfied as of December 27, 2023 to be recognized within one year.

### *Gift Cards*

The gift card liability included in other accrued expenses and current liabilities on the consolidated balance sheets was as follows (in thousands):

	<u>December 27, 2023</u>	<u>December 28, 2022</u>
Gift card liability	\$ 4,877	\$ 4,667

Revenue recognized from the redemption of gift cards that was included in other accrued expenses and current liabilities at the beginning of the year was as follows (in thousands):

	<u>December 27, 2023</u>	<u>December 28, 2022</u>	<u>December 29, 2021</u>
Revenue recognized from gift card liability balance at the beginning of the year	\$ 1,064	\$ 1,145	\$ 1,218

### *Contract Costs*

The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under Topic 606.

## **16. SHAREHOLDER RIGHTS AGREEMENT**

On August 8, 2023, the Company's Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each share of common stock, par value \$0.01 per share, of the Company (the "Common Shares") outstanding on August 18, 2023 to the stockholders of record on that date. In connection with the distribution of the Rights, the Company entered into a Rights Agreement (the "Rights Agreement"), dated as of August 8, 2023, between the Company and Equiniti Trust Company, LLC, as rights agent. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Preferred Stock, par value \$0.01 per share, of the Company (the "Preferred Shares") at a price of \$53.75 per one one-thousandth of a Preferred Share represented by a Right, subject to adjustment.

Under the Rights Agreement, the Rights will generally be exercisable only in the event that a person or group of affiliated or associated persons (such person or group being an "Acquiring Person"), other than certain exempt persons, acquires (or commences a tender offer or exchange offer the consummation of which would result in) beneficial ownership of 12.5% or more of the outstanding Common Shares. In such case (with certain limited exceptions), each holder of a Right (other than the Acquiring Person, whose Rights shall become void) will have the right to receive, upon exercise at the then current exercise price of the Right, Common Shares (or, if the Board so elects, cash, securities, or other property) having a value equal to two times the exercise price of the Right.

At any time after any person or group becomes an Acquiring Person, the Board may exchange the Rights at an exchange ratio of one Common Share per Right (subject to adjustment).

If, at any time after a person or group becomes an Acquiring Person, (i) the Company engages in a consolidation or merger and, in connection there with all or part of the Common Shares are or will be changed into or exchanged for stock or other securities of any other person or cash or any other property; or (ii) 50% or more of the Company's consolidated assets or earning power are sold, then each holder of a Right will thereafter have the right to receive, upon exercise at the then current exercise price of the Right, that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the Right.

At any time prior to the time any person or group becomes an Acquiring Person, the Board may redeem the Rights at a price of \$0.001 per Right (the "Redemption Price"). Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends. The Rights will expire at the close of business on August 7, 2024.

## EXHIBIT M: GUARANTEE OF PERFORMANCE

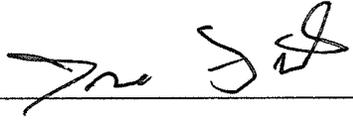
### GUARANTEE OF PERFORMANCE

For value received, El Pollo Loco Holdings, Inc., a Delaware corporation (the “**Guarantor**”), located at 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626, absolutely and unconditionally guarantees to assume the duties and obligations of El Pollo Loco, Inc., a Delaware corporation, located at 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626 (the “**Franchisor**”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Costa Mesa, California, on the 19<sup>th</sup> day of March 2024.

Guarantor:

**El Pollo Loco Holdings, Inc.**, a Delaware corporation

By:  \_\_\_\_\_

Name: Ira Fils

Title: Executive VP, CFO & Treasurer

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>STATES</b>	<b>EFFECTIVE DATE</b>
California	December 27, 2023*
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

\*Effective Date of Exemption from Registration

**RECEIPT**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If El Pollo Loco, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

However, some state franchise laws require El Pollo Loco, Inc. to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If El Pollo Loco, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency.

The name, principal business address, and telephone number of each franchise seller is as follows: Brian Carmichall, 3535 Harbor Blvd, Suite 100, Costa Mesa, CA 92626 (714) 599-5165; Chad Cantrell, 3535 Harbor Blvd, Suite 100, Costa Mesa, CA 92626 (760) 473-3635; Kristin Ashworth, 3535 Harbor Blvd, Suite 100, Costa Mesa, CA 92626 (714) 599-5060.

We authorize the agents listed in **Exhibit B** to receive service of process for El Pollo Loco, Inc.

The issuance date of this Franchise Disclosure Document is March 27, 2024.

I have received a Disclosure Document dated March 27, 2024, and with effective date(s) of state registration as listed in the State Cover Page that including the following Exhibits:

- |   |   |    |  |
|---|---|----|--|
| A | State-Specific Addenda to Disclosure Document, Franchise and/or Franchise Development Agreement |    | Franchise Rights (for Change of Ownership Interests in Franchisee and for Entity Change by Franchisee) |
| B | State Administrators/Agents for Service of Process  | 10 | Amendment to Franchise Agreement to Apply Development Fee  |
| C | Franchise Agreement including the following exhibits:   | 11 | Amendment to Successor Franchise Agreement   |
|   | 1 Memorandum of Opening Date  | 12 | Remodel Schedule Participation Agreement   |
|   | 2 Personal Guarantee of Franchise Agreement   |    | Schedule 1: Statement of Ownership of Franchisee   |
|   | 3 Investor Covenants regarding Confidentiality and Non-Competition (Franchisee)                 | D  | Purchase Agreement including the following exhibits:   |
|   | 4 Authorization Agreement for Prearranged Payments (Direct Debits)                              | A  | List Of Assets / Excluded Assets   |
|   | 5 Advertising Association Membership Agreement  | B  | Bill Of Sale And Assignment  |
|   | 6 El Pollo Loco Financial Reporting Form  | C  | List Of Assumed Liabilities  |
|   | 7 El Pollo Loco® IT Support Services Agreement  | D  | Form Of New Franchise Agreement For New Restaurants  |
|   | 8 General Release   | E  | Form Of Sublease Agreement   |
|   | 9 Consent to and Assignment of  | F  | Form Of New Franchise Development Agreement  |
|   |   | G  | Allocation Of Purchase Price   |

- E Sublease including the following exhibits:
  - A Personal Guarantee of Sublease
  - B Master Lessor's Consent
- F Development Agreement, including the following exhibits:
  - A. Territory
  - B. Development Schedule
  - C. Existing El Pollo Loco® Restaurants in the Territory
- G Operations Manual Table of Contents

- H Training Overview, Outline and Schedule
- I Investor Covenants Regarding Confidentiality and Non-Competition
- J List of Franchisees
- K List of Franchisees Who Left System in 2022 or Who Have Not Communicated With Us Within 10 Weeks of the Issuance Date of this Disclosure Document
- L Financial Statements
- M Guarantee of Performance

**PROSPECTIVE FRANCHISEE:  
As an individual:**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_

**On behalf of an entity(ies):**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_

**PLEASE SIGN AND DATE AS OF YOUR DATE OF RECEIPT OF THE FDD**

**RETAIN FOR YOUR RECORDS**

**RECEIPT**

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| <ul style="list-style-type: none"> <li>A State-Specific Addenda to Disclosure Document, Franchise and/or Franchise Development Agreement</li> <li>B State Administrators/Agents for Service of Process</li> <li>C Franchise Agreement including the following exhibits:               <ul style="list-style-type: none"> <li>1 Memorandum of Opening Date</li> <li>2 Personal Guarantee of Franchise Agreement</li> <li>3 Investor Covenants regarding Confidentiality and Non-Competition (Franchisee)</li> <li>4 Authorization Agreement for Prearranged Payments (Direct Debits)</li> <li>5 Advertising Association Membership Agreement</li> <li>6 El Pollo Loco Financial Reporting Form</li> <li>7 El Pollo Loco® IT Support Services Agreement</li> <li>8 General Release</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>9 Consent to and Assignment of Franchise Rights (for Change of Ownership Interests in Franchisee and for Entity Change by Franchisee)</li> <li>10 Amendment to Franchise Agreement to Apply Development Fee</li> <li>11 Amendment to Successor Franchise Agreement</li> <li>12 Remodel Schedule Participation Agreement</li> <li>Schedule 1: Statement of Ownership of Franchisee</li> <li>D Purchase Agreement including the following exhibits:               <ul style="list-style-type: none"> <li>A List Of Assets / Excluded Assets</li> <li>B Bill Of Sale And Assignment</li> <li>C List Of Assumed Liabilities</li> <li>D Form Of New Franchise Agreement For New Restaurants</li> <li>E Form Of Sublease Agreement</li> <li>F Form Of New Franchise Development Agreement</li> <li>G Allocation Of Purchase Price</li> </ul> </li> </ul> |
|---|---|

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As an individual:**

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By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_

**On behalf of an entity(ies):**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
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 \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_

**PLEASE SIGN AND DATE AS OF YOUR DATE OF RECEIPT OF THE FDD**

**RETURN TO EL POLLO LOCO, INC.**