

# **EL POLLO LOCO HOLDINGS, INC.**

## **Corporate Governance Guidelines**

*adopted July 21, 2014*

*(to be effective upon completion of the Company's initial public offering)*

These Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of El Pollo Loco Holdings, Inc. (the "Company"), to assist the Board in the exercise of its responsibilities. The Guidelines are subject to modification at any time pursuant to Board resolution.

Pursuant to its charter, the Nominating and Corporate Governance Committee may review the Guidelines, and the matters discussed in the Guidelines, and advise the Board accordingly.

The Guidelines are not intended to change or interpret (i) any Federal or state law or regulation, including the General Corporation Law of the State of Delaware, or the Company's (ii) Amended and Restated Certificate of Incorporation or (iii) Amended and Restated By-Laws, as any may be amended from time to time.

A current version of the Guidelines shall be posted on the Company's website.

### **I. THE BOARD'S ROLE AND RESPONSIBILITIES**

#### **Role of Directors**

The business and affairs of the Company shall be managed by, or under the direction of, the Board. A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and of committees on which he or she sits, and to review, prior to meetings, material distributed in advance for those meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the chairman of the Board (the "Chairman") or of the appropriate committee in advance.

The Board acknowledges that effective directors maintain attitudes of constructive skepticism. They ask incisive, probing questions and require accurate, honest answers. They act with integrity and diligence. And they demonstrate commitment to the Company and its business plans and to long-term value creation and preservation for its stockholders.

#### **The Board's Goal**

The Board's primary goal is to build long-term value for the Company's stockholders. To achieve this goal, the Board will monitor the performance both of (i) the Company, in relation to its goals, strategy and competitors, and (ii) the Company's chief executive

officer (the “CEO”), offering him or her constructive advice and feedback.

### **Director Attendance at Annual Meetings of Stockholders**

Directors are expected to attend the Company’s annual meeting of stockholders. A director who is unable to attend the Company’s annual meeting of stockholders (which it is understood will occur on occasion) is expected to notify the Chairman.

## **II. BOARD LEADERSHIP**

The Board does not require separation of the offices of Chairman and CEO. The Board is free to choose the Chairman in any way that it deems best for the Company at any given point in time.

## **III. BOARD COMPOSITION**

### **Board Size**

The Board believes that it should have no fewer than three and no more than eleven directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability.

### **Selection of New Directors**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders, in each case in accordance with the Company’s (i) Amended and Restated Certificate of Incorporation, (ii) Amended and Restated By-Laws, and (iii) stockholders agreement, dated November 18, 2005, with certain stockholders, in each case to the extent applicable and as it may be amended from time to time.

The Board will consider candidates recommended by stockholders. In considering candidates submitted by stockholders, the Board will take into consideration the needs of the Board and candidate qualifications. The Board may establish procedures, from time to time, regarding stockholder submission of candidates.

### **Board Membership Criteria**

The Board shall be responsible for assessing the appropriate balance of criteria required of Board members.

The Board may apply all criteria it deems appropriate when selecting nominees, including (i) whether a nominee has the experience, knowledge and skills necessary to make meaningful contributions to the Board’s oversight of the Company’s business and affairs and (ii) a nominee’s reputation for honesty and ethical conduct in his or her personal and professional activities. Additional factors that the Board may consider include (i) a candidate’s time availability in light of other commitments, (ii) age, (iii) potential conflicts of interest, (iv) material relationships with the Company and (v)

independence from the Company and its management. The Board also may seek a diversity of backgrounds and experiences.

### **Other Public Company Directorships**

The Company does not have a blanket policy limiting the number of other public company boards of directors upon which its director may sit. However, the Board will consider the number of other boards and comparable governing bodies, particularly of public companies, on which directors and prospective directors are members. Directors are expected to provide prior written notice to the Chairman of any proposed service on the board of a public or private company.

Although the Company does not impose a limit on outside directorships, it does recognize the substantial time commitments attendant to Board membership and expects that Board members be fully committed to devoting all time necessary to fulfill their Board responsibilities, in terms of preparation for, and attendance and participation at, Board meetings.

In recognition of the enhanced time commitments associated with membership on a public company's audit committee, a member of the Audit Committee shall provide prior written notice to the Chairman of any proposed service on the audit committees of more than two other public companies.

### **Board Independence**

Pursuant to the exemption provided to "controlled companies" under the rules of the NASDAQ Stock Market, Inc. (the "NASDAQ"), while the Company qualifies as a "controlled company," the Company will not be required to have a majority of directors who qualify as independent directors ("Independent Directors") under NASDAQ listing standards. Once the Company ceases to qualify as a "controlled company," and after any permissible phase-in period, the Board will be required to have a majority of Independent Directors.

### **Directors Who Change Their Present Job Responsibility**

A directors who is also an employee of the Company is expected to resign from the Board at the same time that he or she leaves employment with the Company.

A director will tender his or her resignation from the Board in the event of any significant change in his or her primary job responsibilities. The Board does not believe that a director in this circumstance should necessarily leave the Board, but that the director's continued service should be re-evaluated. Accordingly, the Board, excluding that tendering director, will review the circumstances when considering whether to (i) accept a proposed resignation or (ii) request the director's continued service.

### **Retirement Age**

It is Board policy to avoid a mandatory retirement age, which would prevent contributions from capable and valuable Board members.

### **Director Tenure**

It is Board policy to avoid limits on director tenure, which would prevent contributions from directors who have developed experience with, and insight into, the Company and its needs.

## **IV. BOARD MEETINGS**

### **Meeting Frequency**

The Board will hold at least one regularly scheduled meeting quarterly.

### **Agenda Items**

Each director is free to suggest agenda items to the Chairman and to raise at any meeting topics not on the agenda.

### **Materials Distributed in Advance**

Information and materials important to the Board's understanding of topics expected to be discussed at meetings should, to the extent practical, be distributed sufficiently in advance to permit prior review. In the event of a meeting on short notice, or if materials would contain highly confidential or sensitive information, it is recognized that written materials might not be available in advance.

### **Separate Sessions of Non-Management Directors**

Non-management directors will meet regularly, in executive session, without management. If not a member of management, the Chairman will preside in executive session. If the Chairman is absent or disqualified, the chairman of the Audit Committee (the "Audit Chair") will preside. If the Audit Chair is absent, an Independent Director will preside designated by the director who would otherwise preside.

In the event that the non-management directors include directors who are not independent under NASDAQ listing standards, the Company will, at least once a year, schedule an executive session including only Independent Directors.

Any interested parties desiring to communicate with the Audit Chair and the other non-management directors regarding the Company may contact such directors by mailing communications to:

El Pollo Loco Holdings, Inc.  
Attention: Chairman of the Audit Committee  
Care of: Corporate Secretary  
3535 Harbor Blvd., Suite 100  
Costa Mesa, California 92626

## **V. BOARD ACCESS**

### **Strategic Direction**

It is management's job to formulate, propose and implement strategic choices and the Board's role to approve and evaluate strategic direction and results. However, the Board and management are better able to perform their responsibilities if there is an ongoing dialogue among the CEO, other senior managers and Board members. To facilitate these discussions, senior managers who are not directors may be invited to participate in Board meetings and other matters when appropriate.

### **Access to Management**

Board members will have access to Company management and, as appropriate, to the Company's outside advisors. Board members will coordinate this access through the CEO or the Corporate Secretary. Board members will use their judgment to insure that they are not distracting to Company operations.

### **Manager Attendance**

The Board encourages the CEO to bring members of management from time to time into Board meetings as relevant to (i) provide insight, (ii) deliver presentations and (iii) make introductions, especially if a manager has significant development potential. The Board has discretion in permitting non-members at its meetings. Should the CEO desire that certain managers attend on a regular basis, the Board should first concur.

## **VI. BOARD COMPENSATION AND SELF-EVALUATION**

### **Compensation**

A director who is also a Company officer is not to receive additional compensation for director service.

Compensation for non-employee directors should (i) be competitive and (ii) encourage stock ownership through payment of a portion of compensation in the form of stock, options, or similar securities. The Compensation Committee will periodically review the level and form of director compensation, including compared to companies of similar size, industry and complexity. This review will also evaluate both direct and indirect forms of compensation to directors, including any (i) charitable contributions by the Company to organizations at a director's direction or with which a director is affiliated and (ii) consulting or similar arrangements between the Company and a director. Changes to director compensation will be proposed to the full Board for consideration.

Directors' fees (including any additional amounts paid to committee members or chairs) are the only compensation that Audit Committee members may receive from the Company. However, Audit Committee members may also receive fixed amounts of compensation under retirement plans, and deferred compensation, from the Company, for prior service, so long as not contingent on continued service.

### **Self-Evaluation**

The Board will conduct annual self-assessments of the performance of the Board and of each of its committees, the results of which will be discussed with the full Board and with each committee. These assessments should include reviews of any areas where Board members or management believes that the Board can better contribute to the Company. The Board will use the results to determine the characteristics and skills required of prospective Board members and for committee assignments.

## **VII. OTHER BOARD TOPICS**

### **Board Orientation and Continuing Education**

The Company will provide each new director with an orientation packet to familiarize him or her with, among other things, the Company's (i) business, (ii) strategic plans, (iii) significant financial, accounting and risk management issues, (iv) compliance programs, (v) code of business conduct and ethics, (vi) insider trading policy, (vii) corporate governance guidelines, (viii) principal officers, (ix) internal auditors and (x) independent auditors.

Each director is expected to participate in continuing education programs in order to maintain an appropriate level of relevant expertise. The Company will pay all reasonable expenses relating to director continuing education.

### **Board Interaction with Institutional Investors, Analysts, Press and Customers**

Generally, management should speak for the Company. Each director should refer all inquiries from institutional investors, analysts, the press or customers to the CEO or his or her designee.

## **VIII. COMMITTEE MATTERS**

### **Number and Names of Board Committees**

The Company has three standing committees: (i) Audit, (ii) Compensation and (iii) Nominating and Corporate Governance. The purpose and responsibilities for each committee is outlined in a charter adopted by the Board. The Board may, from time to time, form or disband committees, including ad hoc committees, and determine their composition and areas of competence.

### **Committee Independence**

After any permissible phase-in period, the Audit Committee will be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to the Audit Committee, including the independence requirements under Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Pursuant to the exemption provided to “controlled companies” under the rules of the NASDAQ, while the Company qualifies as a “controlled company,” the Compensation Committee will not be required to be composed entirely of Independent Directors. Once the Company ceases to qualify as a “controlled company,” and after any permissible phase-in period, the Compensation Committee will be required to be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements.

### **Assignment and Rotation of Committee Members**

The Board is responsible for assigning and appointing committee members and chairmen.

The Board should annually review committee assignments and consider rotation of committee members and chairmen, aiming to balance the benefits of continuity with the benefits of diversity of experience and viewpoint.

## **IX. EXECUTIVE DEVELOPMENT**

### **CEO Selection**

The Board is responsible for identifying candidates for, and for selecting, the CEO. In these tasks, the Board will consider, among other things, a candidate’s experience, understanding of the Company’s business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

### **CEO Evaluation**

The formal evaluation of the CEO will be made in the context of the annual compensation review of the Compensation Committee, with input from non-management directors not on the Compensation Committee, and should be communicated to the CEO by the chairman of the Compensation Committee. This evaluation will be based on such criteria as the Compensation Committee, with input from the other non-management directors, will determine, including the performance of the business and accomplishment of long-term strategic objectives.

### **Succession Planning**

The Board, led by the Compensation Committee, will plan for CEO succession. To assist the Board and the Compensation Committee, the CEO will prepare and distribute to the Board annual reports on succession planning for all senior Company officers, including

an assessment of each officer's performance and his or her ability to succeed the CEO or another senior officer. In addition, the CEO will prepare and maintain a short-term succession plan delineating temporary delegations of authority in the event that one or more senior officers unexpectedly become unavailable or incapacitated. This short-term succession plan is to be approved by the Board and effective in an emergency unless and until the Board takes other action.

### **Management Development**

The Board, led by the Compensation Committee, will have management implement a system for the education, development, and orderly succession of senior and mid-level managers throughout the Company.