

# POPEYES LOUISIANA KITCHEN, INC.

## FORM 10-Q (Quarterly Report)

Filed 05/25/16 for the Period Ending 04/17/16

Address	400 PERIMETER CENTER TERRACE, SUITE 1000 ATLANTA, GA 30346
Telephone	4044594450
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Industry	Restaurants
Sector	Services
Fiscal Year	12/30

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 17, 2016  
OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 000-32369

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**Popeyes Louisiana Kitchen, Inc.**

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**Minnesota**

*(State or other jurisdiction of  
incorporation or organization)*

**400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia**

*(Address of principal executive offices)*

**58-2016606**

*(IRS Employer  
Identification No.)*

**30346**

*(Zip code)*

**(404) 459-4450**

**(Registrant's telephone number, including area code)**

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer	<input checked="" type="checkbox"/>	–	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	– (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 13, 2016 there were 21,893,795 shares of the registrant's common stock, par value \$.01 per share, outstanding.

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Condensed Consolidated Balance Sheets (unaudited)  
(In millions, except share and per share data)

	4/17/2016	12/27/2015
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13.4	\$ 9.1
Accounts and current notes receivable, net	10.5	9.2
Other current assets	4.0	8.5
Advertising cooperative assets, restricted	35.5	35.4
Total current assets	<u>63.4</u>	<u>62.2</u>
<b>Long-term assets:</b>		
Property and equipment, net	98.1	97.7
Goodwill	11.1	11.1
Trademarks and other intangible assets, net	94.1	94.2
Other long-term assets, net	0.7	0.8
Total long-term assets	<u>204.0</u>	<u>203.8</u>
Total assets	<u>\$ 267.4</u>	<u>\$ 266.0</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 6.7	\$ 6.7
Other current liabilities	7.6	13.1
Current debt maturities	0.5	0.3
Advertising cooperative liabilities	35.5	35.4
Total current liabilities	<u>50.3</u>	<u>55.5</u>
<b>Long-term liabilities:</b>		
Long-term debt	133.9	111.6
Deferred credits and other long-term liabilities	39.9	39.3
Total long-term liabilities	<u>173.8</u>	<u>150.9</u>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity:</b>		
Preferred stock (\$.01 par value; 2,500,000 shares authorized; 0 shares issued and outstanding)	—	—
Common stock (\$.01 par value; 150,000,000 shares authorized; 21,974,727 and 22,449,697 shares issued and outstanding at April 17, 2016 and December 27, 2015, respectively)	0.2	0.2
Capital in excess of par value	—	—
Accumulated earnings	43.6	59.6
Accumulated other comprehensive loss	(0.5)	(0.2)
Total shareholders' equity	<u>43.3</u>	<u>59.6</u>
Total liabilities and shareholders' equity	<u>\$ 267.4</u>	<u>\$ 266.0</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Condensed Consolidated Statements of Operations (unaudited)  
(In millions, except per share data)

	16 Weeks Ended	
	4/17/2016	4/19/2015
<b>Revenues:</b>		
Sales by Company-operated restaurants	\$ 34.6	\$ 34.7
Franchise royalties and fees	45.7	43.1
Rent from franchised restaurants	1.9	1.7
Total revenues	82.2	79.5
<b>Expenses:</b>		
Restaurant food, beverages and packaging	10.9	11.3
Restaurant employee, occupancy and other expenses	16.7	15.9
General and administrative expenses	28.7	25.3
Occupancy expenses - franchise restaurants	0.9	0.9
Depreciation and amortization	3.0	2.9
Other expenses (income), net	(0.1)	0.1
Total expenses	60.1	56.4
<b>Operating profit</b>	22.1	23.1
Interest expense, net	1.3	1.1
<b>Income before income taxes</b>	20.8	22.0
Income tax expense	7.9	8.4
<b>Net income</b>	\$ 12.9	\$ 13.6
<b>Earnings per common share, basic:</b>	\$ 0.58	\$ 0.59
<b>Earnings per common share, diluted:</b>	\$ 0.58	\$ 0.58
<b>Weighted-average shares outstanding:</b>		
Basic	22.1	22.9
Diluted	22.4	23.3

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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**Popeyes Louisiana Kitchen, Inc.**

Condensed Consolidated Statements of Comprehensive Income (unaudited)  
(In millions)

	16 Weeks Ended	
	4/17/2016	4/19/2015
<b>Net income</b>	\$ 12.9	\$ 13.6
<b>Other comprehensive income (loss)</b>		
Net change in fair value of cash flow hedge	(0.4)	(0.5)
Reclassification adjustments for derivative losses included in earnings	—	0.1
Other comprehensive (loss), before income taxes	(0.4)	(0.4)
Income tax benefit on other comprehensive (loss)	(0.1)	(0.1)
Other comprehensive (loss), net of income taxes	(0.3)	(0.3)
<b>Comprehensive income</b>	\$ 12.6	\$ 13.3

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Condensed Consolidated Statement of Changes in Shareholders' Equity (unaudited)  
(In millions, except share data)

	<b>Common Stock</b>		<b>Capital in Excess of Par</b>	<b>Accumulated Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total</b>
	<b>Number of Shares</b>	<b>Amount</b>				
<b>Balance at December 27, 2015</b>	22,449,697	\$ 0.2	\$ —	\$ 59.6	\$ (0.2)	\$ 59.6
Net income	—	—	—	12.9	—	12.9
Other comprehensive loss, net of income tax	—	—	—	—	(0.3)	(0.3)
Repurchases and retirement of shares	(554,086)	—	(1.1)	(28.9)	—	(30.0)
Issuance of common stock under stock option plan	17,692	—	0.2	—	—	0.2
Issuance of restricted stock awards, net of forfeitures	61,424	—	(2.3)	—	—	(2.3)
Excess tax benefits from stock-based compensation	—	—	1.2	—	—	1.2
Stock-based compensation expense	—	—	2.0	—	—	2.0
<b>Balance at April 17, 2016</b>	<u>21,974,727</u>	<u>\$ 0.2</u>	<u>\$ —</u>	<u>\$ 43.6</u>	<u>\$ (0.5)</u>	<u>\$ 43.3</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

[Table of Contents](#)**Popeyes Louisiana Kitchen, Inc.**Condensed Consolidated Statements of Cash Flows (unaudited)  
(In millions)

	16 Weeks Ended	
	4/17/2016	4/19/2015
<b>Cash flows provided by (used in) operating activities:</b>		
Net income	\$ 12.9	\$ 13.6
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	3.0	2.9
Net (gain) loss on sale and disposal of assets	(0.1)	(0.1)
Deferred income taxes	(0.4)	0.7
Non-cash interest expense, net	0.2	0.2
Provision for credit losses	0.1	—
Excess tax benefits from stock-based payment arrangements	(1.2)	(4.9)
Stock-based compensation expense	2.0	1.7
Change in operating assets and liabilities:		
Accounts receivable	(1.4)	(0.8)
Other operating assets	5.8	5.7
Accounts payable and other operating liabilities	(6.1)	(9.8)
Net cash provided by operating activities	14.8	9.2
<b>Cash flows provided by (used in) investing activities:</b>		
Capital expenditures	(3.4)	(5.7)
Proceeds from dispositions of property and equipment	0.2	—
Net cash used in investing activities	(3.2)	(5.7)
<b>Cash flows provided by (used in) financing activities:</b>		
Principal payments — 2013 credit facility	(109.0)	—
Borrowings under 2016 credit facility	131.5	—
Share repurchases	(30.0)	(11.0)
Proceeds from exercise of employee stock options	0.2	0.6
Excess tax benefits from stock-based payment arrangements	1.2	4.9
Debt issuance costs	(1.1)	—
Other financing activities, net	(0.1)	(0.1)
Net cash used in financing activities	(7.3)	(5.6)
Net increase (decrease) in cash and cash equivalents	4.3	(2.1)
Cash and cash equivalents at beginning of year	9.1	8.4
Cash and cash equivalents at end of quarter	\$ 13.4	\$ 6.3

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**Note 1 — Description of Business**

Popeyes Louisiana Kitchen, Inc. (“PLKI” or the “Company”) develops, operates and franchises quick-service restaurants under the trade names Popeyes<sup>®</sup> Louisiana Kitchen and Popeyes<sup>®</sup> Chicken & Biscuits (collectively “Popeyes”) in 48 states, the District of Columbia, three territories, and 26 foreign countries.

**Note 2 — Significant Accounting Policies**

The Company’s significant accounting policies are presented in Note 2 to the Company’s consolidated financial statements for the fiscal year ended December 27, 2015, which are contained in the Company’s 2015 Annual Report on Form 10-K (“the 2015 Form 10-K”). The significant accounting policies that are most critical and aid in fully understanding and evaluating the reported financial results include the following:

**Basis of Presentation.** The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial information. Accordingly, certain information required by generally accepted accounting principles in the United States (“GAAP”) for complete financial statements is not included. The Consolidated Balance Sheet data as of December 27, 2015 that is presented herein was derived from the Company’s audited consolidated financial statements for the fiscal year then ended. The condensed consolidated financial statements as of April 17, 2016, have not been audited by the Company’s independent registered public accountants, but in the opinion of management, they contain all normal recurring adjustments necessary for a fair statement of the Company’s financial condition and results of operations for the interim periods presented. Interim period operating results are not necessarily indicative of the results expected for the full fiscal year. The Company suggests that the accompanying financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the 2015 Form 10-K. Except as disclosed herein, there has been no material change in the information disclosed in the notes to our consolidated financial statements included in the 2015 Form 10-K.

**Use of Estimates.** The preparation of condensed consolidated financial statements in conformity with GAAP requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates affect the disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition — Franchise Operations.** Revenues from franchising activities include development fees associated with a franchisee’s planned development of a specified number of restaurants within a defined geographic territory, franchise fees associated with the opening of new restaurants, renewal fees associated with the renewal of franchise agreements, transfer fees for the transfer of a restaurant to another entity, and ongoing royalty fees which are generally based on five percent of net restaurant sales. Development fees and franchise fees are recorded as deferred franchise revenue when received and are recognized as revenue when the restaurants covered by the fees are opened or all material services or conditions relating to the fees have been substantially performed or satisfied by the Company. The Company recognizes royalty revenues as earned. Franchise renewal fees are recognized when a renewal agreement becomes effective.

(In millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Franchise royalties	\$ 44.3	\$ 41.6
Franchise fees	1.4	1.5
Franchise royalties and fees	\$ 45.7	\$ 43.1

**Reclassifications.** Certain amounts within the consolidated balance sheet as of December 27, 2015 have been reclassified to conform to the current year presentation.

**Recently Adopted Accounting Pronouncements.** In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-3, “Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs.” The update issued guidance that requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation a debt discount. The Company adopted ASU 2015-3 in the first quarter of 2016 and for all retrospective periods as required. The Company had \$1.6 million and \$0.7 million of debt issuance costs at April 17, 2016 and December 27, 2015, respectively. The reclassification for debt issuance costs resulted

**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

in a decrease to Other long-terms assets, net and a decrease to Long-term debt on the Company's December 27, 2015 condensed consolidated balance sheet.

In June 2014, the FASB issued ASU 2014-12, "Compensation - Stock Compensation." This guidance required that a performance target for a share-based payment award that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The performance condition should not be reflected in the grant date fair value of the award. Compensation cost should be recognized in the period which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period for which the requisite service has already been rendered. The Company already applied the standards proscribed in this guidance so it did not have an impact to the consolidated financial statements presented when adopted in the first quarter of 2016.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes: Balance Sheet Classification of Deferred Taxes", to simplify the classification of deferred tax assets and liabilities in a classified statement of financial position. Under the new guidance, all deferred income tax liabilities and assets are to be classified as non-current in a classified statement of financial position. The standard is effective retrospectively for all periods presented for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company early adopted this standard in the first quarter of 2016 and retrospectively adjusted the prior period, resulting in a \$0.8 million reclassification of Other Current Liabilities to Deferred Credits and Other Long-Term Liabilities on the Company's December 27, 2015 condensed consolidated balance sheet.

**Recent Accounting Pronouncements That the Company Has Not Yet Adopted.** In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers", which is guidance for recognizing revenue in contracts with customers across all industries. This guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard allows for either a full retrospective or modified retrospective transition method. This guidance will be effective for our fiscal 2018 which begins on January 1, 2018. The guidance is not expected to impact our recognition of sales from Company-operated restaurants, ongoing royalty fees which are based on a percentage of franchise sales, or rent from franchised restaurants which is composed of rental income and other fees associated with properties leased or subleased to franchisees. We are continuing to evaluate the impact the adoption of this standard will have on the recognition of development, franchise, renewal and other franchise fees.

In February 2016, the FASB issued ASU 2016-2, "Leases," which amends the current lease standards by requiring companies to recognize a right-of-use asset, a lease liability for all operating and capital leases (financing) with lease terms greater than twelve months, and disclosure of key information about leasing arrangements. This guidance is effective for interim and annual periods beginning after December 15, 2018 (fiscal 2019 for the Company), and early adoption is permitted.

In March 2016, the FASB issued ASU 2016-9, "Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting". This guidance changes how companies account for certain aspects of shared-based payment awards to employees including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. This standard is effective for the reporting periods beginning after December 15, 2016 (fiscal 2017 for the Company).

We have reviewed other recently issued accounting pronouncements by the FASB and other standards-setting bodies and concluded that they are either not applicable to our business or are not expected to have a material impact on the financial statements upon adoption.

**Note 3 — Other Current Assets**

(In millions)	4/17/2016	12/27/2015
Prepaid income taxes	\$ 0.5	\$ 3.6
Prepaid expenses and other current assets	3.5	4.9
<b>Total</b>	<b>\$ 4.0</b>	<b>\$ 8.5</b>

**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

**Note 4 — Other Current Liabilities**

(In millions)	4/17/2016	12/27/2015
Accrued wages, bonuses and severances	\$ 3.0	\$ 8.7
Other	4.6	4.4
<b>Total</b>	<b>\$ 7.6</b>	<b>\$ 13.1</b>

**Note 5 — Fair Value Measurements**

The following table reflects assets and liabilities that are measured at fair value on a recurring basis as of April 17, 2016 and December 27, 2015 :

(In millions)	Quoted Prices in Active Markets for Identical Asset or Liability (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value
<b>April 17, 2016</b>				
Financial Assets				
Cash equivalents	\$ 13.0	\$ —	\$ —	\$ 13.0
Restricted cash (advertising cooperative assets)	—	—	—	—
<b>Total assets at fair value</b>	<b>\$ 13.0</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 13.0</b>
Financial Liabilities				
Long term debt and other borrowings	\$ —	\$ 139.6	\$ —	\$ 136.0
Interest rate swap agreement	—	0.8	—	0.8
<b>Total liabilities at fair value</b>	<b>\$ —</b>	<b>\$ 140.4</b>	<b>\$ —</b>	<b>\$ 136.8</b>
<b>December 27, 2015</b>				
Financial Assets				
Cash equivalents	\$ 9.6	\$ —	\$ —	\$ 9.6
Restricted cash (advertising cooperative assets)	4.3	—	—	4.3
<b>Total assets at fair value</b>	<b>\$ 13.9</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 13.9</b>
Financial Liabilities				
Long term debt and other borrowings	\$ —	\$ 115.5	\$ —	\$ 112.6
Interest rate swap agreement	—	0.4	—	0.4
<b>Total liabilities at fair value</b>	<b>\$ —</b>	<b>\$ 115.9</b>	<b>\$ —</b>	<b>\$ 113.0</b>

There were no transfers among levels within the fair value hierarchy during the sixteen weeks ended April 17, 2016 .

At April 17, 2016 and December 27, 2015 , the fair value of the Company’s current assets and current liabilities approximates carrying value because of the short-term nature of these instruments.

The fair value of the Company’s interest rate swap at April 17, 2016 and December 27, 2015 , respectively, was based on the sum of all future net present value cash flows. The future cash flows are derived based on the terms of our interest rate swap, as well as considering published discount factors, and projected London Interbank Offered Rates (“LIBOR”). The fair value of each of the Company’s long-term debt instruments is based on the amount of future cash flows associated with each instrument, discounted using the Company’s current borrowing rate for a similar debt instrument of comparable maturity and is considered a Level 2 valuation.

**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

**Note 6 — Long-term Debt**

(In millions)	4/17/2016	12/27/2015
2013 Revolving Credit Facility	\$ —	\$ 109.0
2016 Revolving Credit Facility	131.5	—
Capital lease obligations	2.2	2.2
Promissory note	1.0	—
Other notes	1.3	1.4
	136.0	112.6
Less current portion	(0.5)	(0.3)
Less unamortized debt issuance costs	(1.6)	(0.7)
Long-term debt	\$ 133.9	\$ 111.6

**2016 Revolving Credit Facility.** On January 22, 2016, the Company entered into a five -year \$250.0 million secured revolving credit facility (“2016 Revolving Credit Facility”) that replaced the Company’s 2013 revolving credit facility (the “2013 Revolving Credit Facility”) that consisted of a five -year \$135.0 million revolving credit facility.

Under the terms of the 2016 Revolving Credit Facility, the Company can request additional revolving loan commitments of up to \$150.0 million . The Company may also obtain other short-term borrowings up to \$10.0 million and letters of credit up to \$20.0 million . Collectively, these other borrowings and letters of credit may not exceed the amount of unused borrowings under the 2016 Revolving Credit Facility. As of April 17, 2016 , the Company had \$0.1 million of outstanding letters of credit. Availability for short-term borrowings and letters of credit under the revolving credit facility was \$118.4 million as of April 17, 2016 . Other key terms in the 2016 Revolving Credit Facility include the following:

- The Company must maintain a Consolidated Total Leverage Ratio of less than or equal to 4.00 to 1.0.
- The Company must maintain a Minimum Consolidated Fixed Charge Coverage Ratio of greater than or equal to 1.25 to 1.0.
- The Company may repurchase and retire its common shares when the Consolidated Total Leverage Ratio is less than or equal to 3.50 to 1.0 (subject to certain conditions).
- Borrowings under the 2016 Revolving Credit Facility will bear interest based upon the LIBOR Rate or the Base Rate (each as defined in the 2016 Revolving Credit Facility) plus an applicable margin based on the Company’s Consolidated Total Leverage Ratio (as defined in the facility). The borrowings currently bear interest at the LIBOR Rate plus 1.50%, the same as in the prior facility. The Company will pay (quarterly in arrears) an annual commitment fee based on its Consolidated Total Leverage Ratio on the unused portions of the new facility.

As of the end of the first quarter 2016, the Company was in compliance with the financial and other covenants of the 2016 Revolving Credit Facility. The Company’s weighted average interest rate for all outstanding indebtedness under the 2016 Revolving Credit Facility, including fixed and floating rate debt, was 2.4% as of April 17, 2016 .

**Promissory Note .** On February 12, 2016, the Company entered into a five-year \$1.0 million promissory note for the purchase of land. Under the terms of the promissory note, the Company will pay five equal annual installments of \$0.2 million plus 1.75% interest beginning in the first quarter 2017.

**Interest Rate Swap Agreements.** The Company uses interest rate swap agreements to fix the interest rate exposure on a portion of its outstanding revolving debt. On December 16, 2014 and June 15, 2015 the Company entered into interest rate swap contracts effective January 5, 2015 and July 6, 2015, respectively. The Company’s interest rate swap contracts limit the interest rate exposure on \$85 million of floating rate debt borrowed under its 2016 Revolving Credit Facility to a fixed rate of 2.70% . The swap agreements are scheduled to expire January 5, 2018 .

**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

**Note 7 — Deferred Credits and Other Long-Term Liabilities**

(In millions)	4/17/2016	12/27/2015
Deferred franchise revenues	\$ 6.0	\$ 5.4
Deferred rentals	7.9	8.1
Deferred income taxes	19.9	20.5
Other long-term liabilities	6.1	5.3
<b>Total</b>	<b>\$ 39.9</b>	<b>\$ 39.3</b>

**Note 8 — Other Expenses (Income), Net**

(In millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Net gain on sale of assets	\$ (0.1)	\$ (0.1)
Executive transition expenses	—	0.2
<b>Other expenses (income), net</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>

**Note 9 — Commitments and Contingencies**

**Litigation.** The Company is a defendant in various legal proceedings arising in the ordinary course of business, including claims resulting from “slip and fall” accidents, employment-related claims, claims from guests or employees alleging illness, injury or other food quality, health or operational concerns and claims related to franchise matters. The Company establishes reserves to provide for the settlement of such matters when payment is probable and reasonably estimable. The Company’s management believes their ultimate resolution will not have a material adverse effect on the Company’s financial condition or its results of operations.

**Insurance Programs.** The Company carries property, general liability, business interruption, crime, directors and officers liability, privacy and network liability, employment practices liability, environmental and workers’ compensation insurance policies which it believes are customary for businesses of its size and type. Pursuant to the terms of their franchise agreements, the Company’s franchisees are also required to maintain certain types and levels of insurance coverage, including commercial general liability insurance, workers’ compensation insurance, all risk property and automobile insurance.

**Note 10 — Interest Expense, Net**

(In millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Interest on debt	\$ 1.0	\$ 0.8
Reclassification adjustment for derivative losses	—	0.1
Amortization and write-offs of debt issuance costs	0.2	0.1
Other debt related charges, net	0.1	0.1
<b>Total</b>	<b>\$ 1.3</b>	<b>\$ 1.1</b>

The \$0.2 million increase in interest expense on debt for the sixteen week period ended April 17, 2016 was primarily due to higher outstanding borrowing under the 2016 Revolving Credit Facility. The increase in amortization and write-offs of debt issuance costs of \$0.1 million was due to the write-off of debt issuance costs associated with the replacement of the 2013 Revolving Credit Facility.

**Note 11 — Income Taxes**

The Company’s effective tax rates were 38.0% and 38.2% for the sixteen week periods ended April 17, 2016 and April 19, 2015, respectively. The lower effective tax rate for the sixteen week period ended April 17, 2016 is primarily due to the re-enactment of research and employment credits through 2019. No credits were recorded the sixteen week period ended April 19, 2015. The

**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

Company's effective tax rates differ from statutory rates due to adjustments to estimated tax reserves, tax credits and permanent differences between reported income and taxable income for tax purposes.

As of April 17, 2016, the amount of unrecognized tax benefits was approximately \$1.3 million, of which approximately \$0.1 million, if recognized, would affect the effective income tax rate.

The Company files income tax returns with the United States federal government and with various state jurisdictions. The U.S. federal tax years 2011 through 2014 are open to audit. In general, the state tax years open to audit range from 2011 through 2014.

**Note 12 — Components of Earnings Per Common Share Computation**

The Company's basic earnings per share calculation is computed based on the weighted-average number of common shares outstanding. The diluted earnings per share calculation is computed based on the weighted-average number of common shares outstanding adjusted by the number of additional shares that would have been outstanding had the potentially dilutive common shares been issued. Potentially dilutive common shares include employee stock options, non-vested restricted stock awards and non-vested restricted share units. Performance based awards are included in the average diluted shares outstanding each period if the performance criteria have been met at the end of the respective periods.

Potentially dilutive shares are excluded from the diluted earnings per share computation in periods in which they have an anti-dilutive effect. There were approximately \$ 0.1 million potentially dilutive shares excluded from the computation of diluted earnings per share for the sixteen week periods ended April 17, 2016 and April 19, 2015.

(In millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Net Income	\$ 12.9	\$ 13.6
Denominator for basic earnings per share — weighted average shares	22.1	22.9
Dilutive employee stock awards	0.3	0.4
Denominator for diluted earnings per share	22.4	23.3

**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

**Note 13 — Segment Information**

The Company is engaged in developing, operating and franchising Popeyes Louisiana Kitchen quick-service restaurants. Based on its internal reporting and management structure, the Company has determined that it has two reportable segments: franchise operations and Company-operated restaurants. The Company-operated restaurant segment derives its revenues from the operation of Company-owned restaurants. The franchise segment consists of domestic and international franchising activities and derives its revenues principally from (1) ongoing royalty payments that are determined based on a percentage of franchisee sales; (2) franchise fees associated with new restaurant openings; (3) development fees associated with the opening of new franchised restaurants in a given market; and (4) rental income associated with properties leased or subleased to franchisees.

(In millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
<b>Revenues</b>		
Franchise operations	\$ 47.6	\$ 44.8
Company-operated restaurants	34.6	34.7
	\$ 82.2	\$ 79.5
<b>Operating profit</b>		
Franchise operations	\$ 19.5	\$ 20.1
Company-operated restaurants	5.5	6.0
	25.0	26.1
Less unallocated expenses		
Depreciation and amortization	3.0	2.9
Other expenses (income), net	(0.1)	0.1
<b>Operating Profit</b>	22.1	23.1
Interest expense, net	1.3	1.1
<b>Income before income taxes</b>	\$ 20.8	\$ 22.0
<b>Capital expenditures</b>		
Franchise operations	\$ 0.8	\$ 0.3
Company-operated restaurants	2.6	5.4
Total	\$ 3.4	\$ 5.7

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis for Popeyes Louisiana Kitchen, Inc. (“PLKI,” “Popeyes” or the “Company”) should be read in conjunction with our condensed consolidated financial statements included in Part 1, Item 1 of this quarterly report and in conjunction with the Company’s Annual Report on Form 10-K for the fiscal year ended December 27, 2015 (the “2015 Form 10-K”).

### Popeyes Profile

Popeyes was founded in New Orleans, Louisiana in 1972 and is the world’s second largest quick-service chicken concept, based on the number of units. Within the Quick Service Restaurant (“QSR”) industry, Popeyes distinguishes itself with a unique “Louisiana” style menu that features spicy chicken, chicken tenders, fried shrimp and other seafood, red beans and rice and other regional items. Popeyes is a highly differentiated QSR brand with a passion for its Louisiana heritage and flavorful authentic food.

As of April 17, 2016, we operated and franchised 2,569 Popeyes restaurants in 48 states, the District of Columbia, three territories, and 26 foreign countries.

Total Operating Restaurants as of:	4/17/2016	12/27/2015
Domestic restaurants:		
Company-operated	70	70
Franchised	1,921	1,900
International restaurants:		
Franchised	578	569
Total	2,569	2,539

### Our Business Strategy

In February 2016, the Company defined a set of growth goals to deliver over the next seven to ten years:

- Drive our domestic restaurant average unit volumes from \$1.4 million to \$2.0 million;
- Drive domestic franchisee profitability from \$333,000 to \$500,000 per restaurant; and
- Continue to expand Popeyes brand globally, increasing restaurant count from 2,500 to 4,000 restaurants.

To deliver these growth goals, the Company introduced its next generation strategic roadmap organized around three strategic pillars:

1. Louisiana Heritage – the source of our relevant, distinctive brand.
2. Passionate Teams – our conviction that people drive restaurant profitability.
3. Routine Excellence – our commitment to consistent operational excellence in our restaurants.

The first pillar is our Louisiana Heritage, marking the rich traditions of Popeyes’ birthplace and differentiating us from all our competitors. Our Louisiana Heritage will serve as the foundation on which everything else is built. The characteristics of Louisiana provide a platform for ongoing culinary innovation, creating distinctive building design, exuding warm Louisiana hospitality, and giving back to the communities where we serve.

Our second strategic pillar, Passionate Teams, represents our belief in people as the driver of profitability. Engaged passionate teams will deliver a superior guest experience that results in more loyal customers that revisit our Popeyes restaurants more often, driving sales and profits for our franchisees and shareholder returns for our investors.

Our third strategic pillar, Routine Excellence, is about delivering operational consistency in our restaurants.

The three strategic pillars will be enabled by ONE Technology, an initiative to build a common technology platform for the Popeyes system that will bring together innovative systems to better support our restaurant general managers, while improving the experience of our team members and guests.

We will continue to accelerate our international unit growth. Our primary focus will be the traditional franchising model, supported with brand-building media and innovative new products to create awareness and trial of our Louisiana Heritage. We will selectively consider direct capital investments where opportunities exist to unlock new unit growth.



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Additionally, we will continue to make select investments in domestic Company-operated restaurants to lead the system on matters such as real estate selection, store design and layout, and people practices.

Binding our culture and our new roadmap together is our brand purpose, “Food That Ignites Our Desire to Serve”. Our brand purpose and the principles that support it are a meaningful belief system that defines our food, our people and our focus on the guest. These beliefs will guide our franchisees, restaurant general managers, and team members in a way that we believe will sustain superior performance results.

### **First Quarter 2016 Overview**

- Total revenues increased 3.4% to \$ 82.2 million in 2016 , from \$ 79.5 million in the prior year. The \$2.7 million increase in revenues was primarily due to \$2.7 million increase in franchise royalties and \$0.2 million in lease termination fees partially off-set by a \$0.1 million decrease in sales by Company-operated restaurants and a \$0.1 million decrease in franchise fees. Franchise royalties were driven by net unit growth and positive same store sales.
- Reported net income was \$12.9 million , or \$0.58 per diluted share, compared to \$13.6 million , or \$0.58 per diluted share in the first quarter 2015 . Adjusted earnings per diluted share was \$0.58 in both the first quarter of 2016 and 2015 . Adjusted earnings per diluted share is a supplemental non-GAAP measure of performance. See the heading entitled “Management’s Use of Non-GAAP Financial Measures.”
- Total system-wide sales increased by 6.4% in the first quarter 2016 as a result of net unit growth of the system and same-store sales performance.
- Global same-store sales increased 1.6% in 2016 compared to a 7.0% increase in 2015 .
- Total domestic same-store sales increased 1.1% , compared to a 7.1% increase last year, for a two-year compounded growth rate of 8.3% . Popeyes has increased its domestic market share of the chicken-QSR category to 26.3% compared to 24.6% last year.
- International same-store sales increased 6.2% , compared to 6.1% last year.
- Sales by Company-operated restaurants were \$34.6 million in the first quarter compared to \$34.7 million last year. Company-operated restaurant operating profit was \$7.0 million , or 20.2% of sales, compared to \$7.5 million , or 21.6% of sales in 2015 . Lower sales and operating profit in our new markets and higher labor costs were partially offset by favorable poultry and grocery basket costs. Company-operated restaurant operating profit and Company-operated restaurant operating profit margin are supplemental non-GAAP measures of performance. See the heading entitled “Management’s Use of Non-GAAP Financial Measures.”
- Through the first 16 weeks of fiscal 2016 , Operating EBITDA was \$25.0 million , or 30.4% of total revenue, compared to \$26.1 million , or 32.8% of total revenue, last year. Operating EBITDA is a supplemental non-GAAP measure of performance. See the heading entitled “Management’s Use of Non-GAAP Financial Measures.” The \$1.1 million decrease in Operating EBITDA was primarily due to a \$3.4 million planned increase in general and administrative investments supporting our new strategic roadmap, information technology, and other general and administrative expenses and a \$0.5 million decrease in Company-operated restaurant operating profit, partially offset by a \$2.6 million increase in franchise royalties and fees.
- Through the first 16 weeks of fiscal 2016 , free cash flow was \$16.8 million , compared to \$17.7 million in 2015 . Free cash flow is a supplemental non-GAAP measure of performance. See the heading entitled “Management’s Use of Non-GAAP Financial Measures.”
- The Popeyes system opened 44 restaurants, which included 19 domestic and 25 international restaurants, compared to 53 total openings in the same period of last year. Net restaurant openings were 25 , compared to 35 net restaurant openings in the same period last year.
- As of the end of the first quarter in 2016 , the Company operated and franchised 2,569 restaurants, compared to 2,420 at the end of the first quarter in 2015 , representing net unit growth of 6.2% over the last twelve months.
- The Company repurchased 554,086 shares of its common stock for approximately \$30.0 million in the first quarter.

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A summary of our financial results and key operational metrics is presented below:

(Dollars in millions except per share data)	16 Weeks Ended	
	4/17/2016	4/19/2015
<b>Revenues:</b>		
Sales by Company-operated restaurants	\$ 34.6	\$ 34.7
Franchise royalties and fees (a)	45.7	43.1
Rent from franchised restaurants	1.9	1.7
<b>Total revenues</b>	<b>\$ 82.2</b>	<b>\$ 79.5</b>
Operating profit	\$ 22.1	\$ 23.1
Net income	\$ 12.9	\$ 13.6
Earnings per common share, basic	\$ 0.58	\$ 0.59
Earnings per common share, diluted	\$ 0.58	\$ 0.58
<u>Global system-wide sales increase</u>	6.4 %	13.7%
<u>Same-store sales increase (b)</u>		
Company-operated restaurants	(2.4)%	1.0%
Domestic franchised restaurants	1.2 %	7.4%
Total domestic (Company-operated and franchised restaurants)	1.1 %	7.1%
International franchised restaurants	6.2 %	6.1%
Total global system	1.6 %	7.0%
<u>Company-operated restaurants (all domestic)</u>		
Restaurants at beginning of period	70	65
New restaurant openings	—	1
Restaurants at quarter-end	70	66
<u>Franchised restaurants (domestic and international)</u>		
Restaurants at beginning of period	2,469	2,314
New restaurant openings	44	52
Permanent closings	(19)	(18)
Temporary (closings)/re-openings, net	5	6
Restaurants at quarter-end	2,499	2,354
Total system restaurants	2,569	2,420

(a) Franchise revenues are principally comprised of royalty payments from franchisees that are based upon franchisee sales. While franchisee sales are not recorded as revenue by the Company, we believe they are important in understanding the Company's financial performance and overall financial health, given the Company's strategic focus on growing its overall business through franchising. For the sixteen weeks ended April 17, 2016 and April 19, 2015, franchisee sales, as reported by our franchisees, were approximately \$945.9 million and \$886.5 million, respectively.

(b) Same-store sales statistics exclude temporarily and permanently closed restaurants and stores that have been open for less than 65 weeks. Unit conversions are included immediately upon conversion. Temporary closings are excluded from same-store sales for the period they are closed.

## Looking Forward to the Remainder of 2016

The Company is on track to deliver its 2016 full year guidance and is confident in its future outlook. The Company reiterates the following guidance:

- System-wide same-store sales growth in the range of 2.0% to 3.0%.
- New restaurant openings in the range of 200 to 235, including approximately 85 to 100 internationally and three to five new Company-operated restaurants.
- Net new restaurant openings in the range of 140 to 185, for a net unit growth rate of approximately 6% to 7%.
- General and administrative expenses to be approximately 2.9% to 3.0% of system-wide sales, maintaining a rate that supports long-term growth.
- Capital expenditures to be in the range of \$10 million to \$15 million, including approximately \$10 million for Company-operated restaurant development.
- Earnings per diluted share and adjusted earnings per diluted share in the range of \$2.10 to \$2.15.
- Share repurchases of \$80 million to \$120 million in outstanding shares, compared to \$62 million in 2015 with \$60 million purchased from operating cash flows and up to \$60 million from additional borrowings.
- Effective income tax rate in 2016 to be approximately 38%.

## Comparisons of the First Quarter for 2016 and 2015

### Company-operated Restaurants

Sales by Company-operated restaurants were \$34.6 million in the first quarter of 2016, a \$0.1 million decrease from the first quarter of 2015. The decrease was primarily due to 2.4% same store sales decrease and lower sales at new openings rolling over high opening volumes partially off-set by four net openings over the last four consecutive quarters.

Company-operated restaurant operating profit (“ROP”) was \$7.0 million, or 20.2% of sales, compared to \$7.5 million, or 21.6% of sales last year. The \$0.5 million decrease in ROP was primarily due to lower sales and restaurant operating profit in our new markets and higher labor costs partially off-set by lower chicken and grocery basket costs. Company-operated restaurant operating profit and Company-operated restaurant operating profit margin are supplemental non-GAAP measures of performance. See the heading entitled “Management’s Use of Non-GAAP Financial Measures”.

### Franchise Royalties and Fees

Franchise royalties and fees have three basic components: (1) royalties that are based on a percentage (typically 5%) of franchisee sales; (2) franchise and development fees associated with new unit openings; and (3) renewal, transfer and other franchise fees. Royalties are the largest component of franchise revenues, generally constituting more than 95% of franchise revenues.

Franchise royalties and fees were \$45.7 million in the first quarter of 2016, a \$2.6 million increase from the first quarter of 2015. The increase was primarily due to a \$3.0 million increase in royalty revenue from positive same-store sales and new franchised restaurants partially off-set by the negative impacts of weakening foreign currencies against the US dollar of approximately \$0.3 million and a \$0.1 million decrease in franchise fees and other franchise revenues.

### General and Administrative Expenses

General and administrative expenses were \$28.7 million, or 2.9% of system-wide sales, compared to \$25.3 million, or 2.7% of system-wide sales last year.

The \$3.4 million increase in general and administrative expenses was primarily due to planned investments to support our new strategic roadmap, information technology and other general and administrative expenses, specifically:

- a \$1.5 million increase in domestic franchisee operations support expenses,
- a \$0.8 million increase in information technology expenses,

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- a \$0.5 million increase in costs associated with our international franchisee conference, and
- a \$0.6 million increase in stock-based compensation expense and other general and administrative expenses, net.

### **Depreciation and Amortization**

Depreciation and amortization was \$3.0 million compared to \$2.9 million last year. The \$ 0.1 million increase in depreciation and amortization was primarily attributable to depreciation associated with ownership of additional Company-operated restaurants.

### **Other Expenses (Income), Net**

Other expense (income), net consisted of \$0.1 million other income for the sixteen week period ended April 17, 2016 compared to \$0.1 million other expense last year. The \$0.2 million decrease in expense was due to executive transition expense in the first quarter 2015.

### **Operating Profit**

Operating profit was \$22.1 million , a \$1.0 million decrease compared to 2015 . Fluctuations in the components of revenue and expense giving rise to this change are discussed above. The following is an analysis of the fluctuations in operating profit by business segment. Operating profit for each reportable segment includes operating results directly attributable to each segment.

(Dollars in millions)	16 Weeks Ended		Fluctuation	As a Percent
	4/17/2016	4/19/2015		
Franchise operations	\$ 19.5	\$ 20.1	\$ (0.6)	(3.0)%
Company-operated restaurants	5.5	6.0	(0.5)	(8.3)%
Operating profit before unallocated expenses	25.0	26.1	(1.1)	(4.2)%
Less unallocated expenses:				
Depreciation and amortization	3.0	2.9	(0.1)	(3.4)%
Other expenses (income), net	(0.1)	0.1	0.2	200.0 %
Operating profit	\$ 22.1	\$ 23.1	\$ (1.0)	(4.3)%

Franchise operations segment operating profit was \$19.5 million for the sixteen weeks ended April 17, 2016 , a \$0.6 million or 3% decrease from 2015 . The \$0.6 million decrease in operating profit was primarily due to the \$3.4 million increase in general and administrative expenses primarily associated with increases in domestic franchisee operations and information technology support, business conference expenses and other administrative expenses, partially offset by a \$2.6 million increase in franchise royalties and fees and by a \$0.2 million increase in rent from franchised restaurants, mainly due to lease termination fees.

Company-operated restaurants segment operating profit was \$5.5 million for the sixteen weeks ended April 17, 2016 , a \$ 0.5 million or 8.3% decrease from 2015 . The decrease was attributable to the \$0.5 million decrease in restaurant operating profit.

### **Interest Expense, Net**

Interest expense, net for the sixteen weeks ended April 17, 2016 and April 19, 2015 was \$1.3 million and \$1.1 million , respectively. The \$0.2 million increase in interest expense was primarily due to higher outstanding borrowing under the 2016 Revolving Credit Facility and the write-off of debt issuance costs associated with the replacement of the 2013 Revolving Credit Facility.

### **Income Tax Expense**

Income tax expense was \$7.9 million at an effective tax rate of 38.0% , compared to an effective tax rate of 38.2% in 2015 . The lower effective tax rate for the first quarter 2016 is primarily due to the re-enactment of research and employment credits through 2019.

## Liquidity and Capital Resources

We finance our business activities with cash flows generated from our operating activities and borrowings under our credit facility.

Based primarily upon our generation of cash flow from operations, our existing cash reserves (approximately \$13.4 million as of April 17, 2016), available borrowings under the 2016 Revolving Credit Facility (approximately \$118.4 million available as of April 17, 2016) and the ability to request incremental revolving credit commitments up to an additional \$150.0 million under the 2016 Credit Facility, we believe that we will have adequate cash flow to meet our anticipated future requirements for working capital, including various contractual obligations and expected capital expenditures.

Our franchise model provides diverse and reliable cash flows. Net cash provided by operating activities of the Company was \$14.8 million and \$9.2 million for the sixteen weeks ended April 17, 2016 and April 19, 2015, respectively. The \$5.6 million increase in cash flows from operating activities was primarily due to a \$3.7 million decrease in excess tax benefits from stock-based compensation, a \$2.6 million decrease in tax payments related to restricted stock vesting awards, and a \$1.8 million dollar reduction in income tax payments, partially offset by \$1.1 million decrease in Operating EBITDA and \$1.4 million decrease in changes to other operating assets and liabilities, net.

Our cash flows from operating activities and available borrowings allow us to reinvest in our core business activities that promote the Company's strategic initiatives. Our priorities in the use of available cash after investment in growth strategies are to repurchase shares of our common stock and to reduce long-term debt.

Net cash used in investing activities was \$3.2 million and \$5.7 million for the sixteen weeks ended April 17, 2016 and April 19, 2015, respectively. The \$2.5 million decrease in investing activities consists of a \$2.3 million decrease in capital expenditures and \$0.2 million proceeds from the disposition of property and equipment. The \$2.3 million decrease in capital expenditures is primarily due to the reduction in construction of new Company-operated restaurants:

(In millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Construction of new Company-operated restaurants	\$ 2.3	\$ 5.2
Information technology and corporate office expansion	0.8	0.3
Other capital assets	0.3	0.2
Total capital expenditures	\$ 3.4	\$ 5.7

Net cash used in financing activities was \$7.3 million for the sixteen weeks ended April 17, 2016 compared to net cash used in financing activities of \$5.6 million for the sixteen weeks ended April 19, 2015. The increase of net cash used in financing activities of \$1.7 million was primarily due to a \$19.0 million increase in share repurchases, a \$3.7 million decrease in excess tax benefits from stock-based payment arrangements, and a \$1.1 million increase in debt issuance costs, and a \$0.4 million decrease in proceeds from the exercise of employee stock options, partially off-set by a \$22.5 million net borrowings under the credit facilities in 2016.

The Company uses Consolidated Total Leverage Ratio ("Total Leverage Ratio") to measure compliance with its covenants and borrowing capacity under its 2016 Revolving Credit Facility. The Company also believes that its total leverage ratio is a helpful measure for investors to assess its overall debt leverage, which affects its ability to refinance its long-term debt as it matures, the cost of existing debt, the capacity to incur additional debt to invest in its strategic initiatives, and the ability to repurchase and retire its common shares. The Total Leverage Ratio was 1.5 to 1 and 1.2 to 1 at April 17, 2016 and December 27, 2015, respectively. Consolidated Total Leverage Ratio is a supplemental non-GAAP financial measure. See the heading "Management's Use of Non-GAAP Financial Measures."

The Company is in compliance with all debt covenant requirements.

We repurchased 554,086 shares of our common stock for approximately \$30.0 million during the sixteen weeks ended April 17, 2016.

## Critical Accounting Policies and Significant Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies related to estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and

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the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, management evaluates its accounting policies, estimates and judgments, including those related to long-lived assets, goodwill and indefinite lived intangible assets, fair value measurement, income taxes, allowances for accounts and notes receivables, contingent liabilities and stock-based compensation. These policies involve estimations of the effect of matters that are inherently uncertain and may significantly impact our quarterly or annual results of operations or financial condition. Changes in the estimates and judgments could significantly affect our results of operations, financial condition and cash flows in future years.

There have been no material changes to the Company's critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in the 2015 Form 10-K.

### **Contractual Obligations**

The Company's material contractual obligations are summarized and included in the 2015 Form 10-K.

### **Long-Term Debt**

For a discussion of our long-term debt, see Note 6 to our condensed consolidated financial statements at Part 1, Item 1 to this quarterly report. That note is hereby incorporated by reference into this Item 2. See Note 9 to the consolidated financial statements in the 2015 Form 10-K for more information about the Company's long-term debt.

### **Impact of Inflation**

The impact of inflation on the cost of food, labor, fuel and energy costs, and other commodities has affected our operating expenses. To the extent permitted by the competitive environment in which we operate, increased costs are partially recovered through menu price increases coupled with purchasing price and productivity improvements.

### **Accounting Pronouncements That We Have Not Yet Adopted**

See Note 2 to our condensed consolidated financial statements at Part 1, Item 1 to this quarterly report for impacts of accounting pronouncements which have been issued but not yet adopted on the Company's financial position and results of operations. That note is hereby incorporated by reference into this Item 2. See Note 3 to the consolidated financial statements in the 2015 Form 10-K for more information about recent accounting pronouncements that the Company has not yet adopted.

### **Management's Use of Non-GAAP Financial Measures**

Adjusted earnings per diluted share, operating EBITDA, Company-operated restaurant operating profit, free cash flow and consolidated total leverage ratio are supplemental non-GAAP financial measures. The Company uses adjusted earnings per diluted share, operating EBITDA, Company-operated restaurant operating profit, free cash flow and consolidated total leverage ratio, in addition to net income, operating profit and cash flows from operating activities to assess its performance and believes it is important for investors to be able to evaluate the Company using the same measures used by management. The Company believes these measures are important indicators of its operational strength and the performance of its business. Adjusted earnings per diluted share, operating EBITDA, Company-operated restaurant operating profit, free cash flow and consolidated total leverage ratio as calculated by the Company are not necessarily comparable to similarly titled measures reported by other companies. In addition, adjusted earnings per diluted share, operating EBITDA, Company-operated restaurant operating profit, free cash flow and consolidated total leverage ratio: (a) do not represent net income, cash flows from operations or earnings per share as defined by GAAP; (b) are not necessarily indicative of cash available to fund cash flow needs; and (c) should not be considered as an alternative to net income, earnings per share, operating profit, cash flows from operating activities or other financial information determined under GAAP.

#### *Adjusted earnings per diluted share: Calculation and Definition*

The Company defines adjusted earnings for the periods presented as the Company's reported net income after adjusting for certain non-operating items consisting of the following:

- i. other expense (income), net, which included \$0.1 million net gain on sales of assets for the 16 weeks ended April 17, 2016 and April 19, 2015 ,
- ii. \$0.2 million in executive transition expenses in the sixteen weeks ended April 19, 2015 , and
- iii. the tax effect of these adjustments at the effective statutory rates.

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Adjusted earnings per diluted share provides the per share effect of adjusted net income on a diluted basis. The following table reconciles on a historical basis for the sixteen week periods ended April 17, 2016 and April 19, 2015, respectively, the Company's adjusted earnings per diluted share on a consolidated basis to the line on its condensed consolidated statement of operations entitled net income, which the Company believes is the most directly comparable GAAP measure.

(In millions, except per share data)	16 Weeks Ended	
	4/17/2016	4/19/2015
Net income	\$ 12.9	\$ 13.6
Other expense (income), net	(0.1)	0.1
Tax effect	0.1	(0.1)
Adjusted earnings	\$ 12.9	\$ 13.6
Adjusted earnings per diluted share	\$ 0.58	\$ 0.58
Weighted average diluted shares outstanding	22.4	23.3

### Operating EBITDA: Calculation and Definition

The Company defines operating EBITDA as earnings before interest expense, taxes, depreciation and amortization, and other expenses (income), net. The following table reconciles on a historical basis for the sixteen week periods ended April 17, 2016 and April 19, 2015, respectively, the Company's operating EBITDA on a consolidated basis to the line on its condensed consolidated statement of operations entitled net income, which the Company believes is the most directly comparable GAAP measure. Operating EBITDA margin is defined as operating EBITDA divided by total revenues.

(Dollars in millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Net income	\$ 12.9	\$ 13.6
Interest expense, net	1.3	1.1
Income tax expense	7.9	8.4
Depreciation and amortization	3.0	2.9
Other expenses (income), net	(0.1)	0.1
Operating EBITDA	\$ 25.0	\$ 26.1
Total revenues	\$ 82.2	\$ 79.5
Operating EBITDA margin	30.4%	32.8%

### Company-operated restaurant operating profit: Calculation and Definition

The Company defines Company-operated restaurant operating profit as sales by Company-operated restaurants minus restaurant food, beverages and packaging minus restaurant employee, occupancy and other expenses. The following table reconciles on a historical basis for the sixteen week periods ended April 17, 2016 and April 19, 2015, respectively, Company-operated restaurant operating profit to the line item on its condensed consolidated statement of operations entitled sales by Company-operated restaurants, which the Company believes is the most directly comparable GAAP measure. Company-operated restaurant operating profit margin is defined as Company-operated restaurant operating profit divided by sales by Company-operated restaurants.

(Dollars in millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Sales by Company-operated restaurants	\$ 34.6	\$ 34.7
Restaurant food, beverages and packaging	10.9	11.3
Restaurant employee, occupancy and other expenses	16.7	15.9
Company-operated restaurant operating profit	\$ 7.0	\$ 7.5
Company-operated restaurant operating profit margin	20.2%	21.6%

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### *Free cash flow: Calculation and Definition*

The Company defines free cash flow as net income plus depreciation and amortization plus stock-based compensation expense, minus maintenance capital expenditures which includes: for the sixteen weeks ended April 17, 2016, \$0.8 million of information technology and other corporate assets and \$0.3 million in other capital assets to maintain, replace and extend the lives of Company-operated restaurant facilities and equipment; and for the sixteen weeks ended April 19, 2015, \$0.3 million of information technology and other corporate assets and \$0.2 million in other capital assets to maintain, replace and extend the lives of Company-operated restaurant facilities.

The following table reconciles on a historical basis for the sixteen week periods ended April 17, 2016 and April 19, 2015, respectively, the Company's free cash flow on a consolidated basis to the line on its consolidated statements of operations entitled net income, which the Company believes is the most directly comparable GAAP measure.

(Dollars in millions)	16 Weeks Ended	
	4/17/2016	4/19/2015
Net income	\$ 12.9	\$ 13.6
Depreciation and amortization	3.0	2.9
Stock-based compensation expense	2.0	1.7
Maintenance capital expenditures	(1.1)	(0.5)
Free cash flow	\$ 16.8	\$ 17.7

### *Consolidated Total Leverage Ratio: Calculation and Definition*

The Company calculates Consolidated Total Leverage Ratio, in accordance with its 2016 Revolving Credit Facility, as the ratio of Consolidated Total Indebtedness divided by Consolidated EBITDA. Consolidated Total Indebtedness is generally defined under the 2016 Revolving Credit Facility as total indebtedness reflected on our balance sheet plus outstanding letters of credit. Consolidated EBITDA is defined in the 2016 Revolving Credit Facility as earnings before interest expense, taxes, depreciation and amortization, other expenses (income), net, and stock-based compensation expense for the four immediately preceding fiscal quarters.

Set forth below is the calculation of Consolidated Total Leverage Ratio as of April 17, 2016 and December 27, 2015 and the reconciliations of Consolidated Total Indebtedness and Consolidated EBITDA to their most comparable GAAP measures: current debt maturities and long-term debt, for Consolidated Total Indebtedness, and net income, for Consolidated EBITDA.

(Dollars in millions)	52 weeks ended	
	4/17/2016	12/27/2015
Current debt maturities	\$ 0.5	\$ 0.3
Long-term debt	135.5	112.3
Total indebtedness	136.0	112.6
Outstanding letters of credit	0.1	0.1
Consolidated Total Indebtedness	\$ 136.1	\$ 112.7
Net income	\$ 43.4	\$ 44.1
Interest expense, net	3.9	3.7
Income tax expense	26.0	26.5
Depreciation and amortization	9.8	9.7
Other expenses (income), net	(0.2)	—
Stock-based compensation expense	7.0	6.7
Consolidated EBITDA	\$ 89.9	\$ 90.7
Consolidated Total Leverage Ratio	1.5	1.2



## **Forward-Looking Statements**

This quarterly report on Form 10-Q contains “forward-looking statements” within the meaning of the federal securities laws. Statements regarding future events and developments and our future performance, as well as management’s current expectations, beliefs, plans, estimates or projections relating to the future, are forward-looking statements within the meaning of these laws. These forward-looking statements are subject to a number of risks and uncertainties. Examples of such statements in this quarterly report on Form 10-Q include discussions regarding the Company’s planned implementation of its strategic plan, planned share repurchases, projections and expectations regarding same-store sales for fiscal 2016 and beyond, expectations regarding future growth and commodity costs, expectations regarding restaurant reimagining, guidance for new restaurant openings and closures, effective income tax rate, and the Company’s anticipated 2016 and long-term performance, including projections regarding general and administrative expenses, capital expenditures, and adjusted earnings per diluted share, and similar statements of belief or expectation regarding future events. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: competition from other restaurant concepts and food retailers, continued disruptions in the financial markets, the loss of franchisees and other business partners, labor shortages or increased labor costs, increased costs of our principal food products, changes in consumer preferences and demographic trends, as well as concerns about health or food quality, our ability to protect our information systems against cyber attacks or information security breaches, our ability to protect individually identifiable data of our customers, franchisees and employees, instances of avian flu or other food-borne illnesses, general economic conditions, the loss of senior management and the inability to attract and retain additional qualified management personnel, limitations on our business under our 2016 Revolving Credit Facility, our ability to comply with the repayment requirements, covenants, tests and restrictions contained in our 2016 Revolving Credit Facility, failure of our franchisees, a decline in the number of franchised units, a decline in our ability to franchise new units, slowed expansion into new markets, unexpected and adverse fluctuations in quarterly results, increased government regulation, effects of volatile gasoline prices, supply and delivery shortages or interruptions, currency, economic and political factors that affect our international operations, inadequate protection of our intellectual property and liabilities for environmental contamination and the other risk factors detailed in the Company’s 2015 Annual Report on Form 10-K and other filings with the Securities and Exchange Commission, which details are incorporated herein by reference. Therefore, you should not place undue reliance on any forward-looking statements.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

**Commodity Market Risk.** We are exposed to market risk from changes in chicken and other commodity prices. Chicken is the principal raw material for our Popeyes operations, constituting approximately 40% of our combined “Restaurant food, beverages and packaging” costs. Food costs are significantly affected by fluctuations in the cost of chicken, which can result from a number of factors, including increases in the cost of corn and soy, disease, declining market supply of QSR sized chickens and other factors that affect availability, and greater international demand for domestic chicken products. We are affected by fluctuations in the cost of other commodities including shortening, wheat, gasoline and utility price fluctuations. Our ability to recover increased costs through higher pricing is limited by the competitive environment in which we operate.

In order to ensure favorable pricing for fresh chicken purchases and to maintain an adequate supply of fresh chicken for the Popeyes system, Supply Management Services, Inc. (a not-for-profit purchasing cooperative of which we are a member) has entered into chicken pricing contracts with chicken suppliers. The contracts, which pertain to a vast majority of our system-wide purchases for Popeyes, are “cost-plus” contracts that utilize prices based upon the cost of feed grains plus certain agreed upon non-feed and processing costs. In order to stabilize pricing for the Popeyes system, Supply Management Services, Inc. has entered into commodity pricing agreements for certain commodities including corn, soy and wheat which impact the price of chicken and other food costs.

Instances of food-borne illness or avian flu could adversely affect the price and availability of chicken. In addition to losses associated with higher prices and a lower supply of our food ingredients, instances of food-borne illnesses could result in negative publicity for us and could result in a decline in our sales.

**Foreign Currency Exchange Rate Risk.** We are exposed to foreign currency exchange rate risk associated with our international franchise operations. Foreign currency exchange rate changes directly impact our revenues and cash flows from these operations. For the sixteen weeks ended April 17, 2016 and April 19, 2015, foreign currency revenues represented approximately 4.7% and 4.4%, respectively, of our total revenues. All other things being equal, for the sixteen weeks ended April 17, 2016, operating profit would have decreased by approximately \$0.3 million if all foreign currencies uniformly weakened 10% relative to the U.S. dollar.

As of April 17, 2016, approximately \$1.4 million of our accounts receivable were denominated in foreign currencies. Our international franchised operations are in 26 foreign countries with approximately 52% of our revenues from international royalties originating from restaurants in South Korea, Canada and Turkey.

**Interest Rate Risk With Respect to our 2016 Revolving Credit Facility.** We have a market risk exposure to changes in interest rates. Borrowings made pursuant to the 2016 Revolving Credit Facility include interest rates that are benchmarked to U.S. and European short-term floating-rate interest rates. As of April 17, 2016, we had outstanding borrowings under our 2016 Revolving Credit Facility of \$ 131.5 million.

As of April 17, 2016, the Company’s weighted average interest rate for all outstanding indebtedness under the 2016 Revolving Credit Facility was approximately 2.4%. The impact on our annual results of operations of a hypothetical one-point interest rate change on the outstanding borrowings under the 2016 Revolving Credit Facility would be approximately \$0.5 million.

### Item 4. Controls and Procedures

#### (a) Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures of a registrant designed to ensure that information required to be disclosed by the registrant in the reports that it files or submits under the Securities Exchange Act of 1934 (the “Exchange Act”) are properly recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s (“SEC”) rules and forms. Disclosure controls and procedures include processes to accumulate and evaluate relevant information and communicate such information to a registrant’s management, including its principal executive and financial officers, as appropriate, to allow for timely decisions regarding required disclosures.

#### (b) CEO and CFO Certifications

Attached as Exhibit 31.1 and 31.2 to this quarterly report are certifications by our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). These certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This portion of our quarterly report describes the results of our controls evaluation referred to in those certifications.

***(c) Our Evaluation of Popeyes's Disclosure Controls and Procedures***

As of the end of the period covered by this report, we evaluated the effectiveness of the design and operation of Popeyes's disclosure controls and procedures, as required by Rule 13a-15 of the Exchange Act. This evaluation was carried out under the supervision and with the participation of our management, including our CEO and CFO. Based on the evaluation as of the end of the period covered by this report, our CEO and CFO concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

***(d) Changes in Internal Control Over Financial Reporting***

There were no changes to our internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the sixteen week period ended April 17, 2016 covered by this report.

***(e) Inherent Limitations of Any Control System***

We do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. However, the control system has been designed to provide reasonable assurance of the control objectives are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

[Table of Contents](#)**PART 2. OTHER INFORMATION****Item 1. Legal Proceedings**

For a discussion of our legal matters, see Note 9 to our condensed consolidated financial statements at Part 1, Item 1 to this quarterly report. That note is hereby incorporated by reference into this Part 2, Item 1.

**Item 1A. Risk Factors**

There have been no material changes to the risk factors presently disclosed in our 2015 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

During the first quarter of 2016, we repurchased 554,086 shares of our common stock as scheduled below:

<b>Period</b>	<b>Number of Shares Repurchased</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Repurchased as Part of a Publicly Announced Plan</b>	<b>Maximum Value of Shares that May Yet Be Repurchased Under the Plan</b>
Period 1 (12/28/15 — 01/24/16)	—	\$ —	—	\$ 193,028,046
Period 2 (01/25/16 — 02/21/16)	83,213	\$ 60.10	83,213	\$ 188,026,564
Period 3 (02/22/16 — 03/20/16)	136,603	\$ 54.92	136,603	\$ 180,523,930
Period 4 (03/21/16 — 04/17/16)	334,270	\$ 52.33	334,270	\$ 163,030,668
<b>Total</b>	<b>554,086</b>	<b>\$ 54.14</b>	<b>554,086</b>	<b>\$ 163,030,668</b>

**Item 5. Other Information.**

On May 24, 2016, the Company entered into new employment agreements (collectively, the “New Employment Agreements” and each a “New Employment Agreement”) with certain of our executive officers (collectively, the “executives” and each an “executive”). The executives are our President - International, Andrew G. Skehan, our Chief Financial Officer, William P. Matt, our General Counsel, Chief Administrative Officer and Corporate Secretary, Harold M. Cohen and our Chief Operating Officer-US, John K. Merkin. Each New Employment Agreement provides for a term through December 31, 2016, and will be automatically extended for additional one year periods unless and until either the Company or the executive gives to the other written notice not less than ninety (90) days prior to the applicable renewal date of a decision not to renew for an additional year

Compensation terms in the New Employment Agreements were unchanged. The New Employment Agreements provide that each executive is eligible for health insurance and disability insurance and other customary employee benefits. If the Company at any time terminates an executive’s employment without Cause, or if an executive voluntarily terminates the agreement as a result of a constructive discharge, the New Employment Agreements entitle each executive (other than Mr. Cohen) to (1) a cash payment equal to the sum of one times his then current base salary and one times his then current target annual cash bonus and (2) the accelerated vesting of his then outstanding equity awards, notwithstanding the terms under which such awards were granted, except that awards with performance-based vesting conditions will be governed by their original terms. Mr. Cohen’s agreement entitles him to a cash payment equal to the sum of two times his then current base salary and two times his then current target annual cash bonus. The terms governing the accelerated vesting of Mr. Cohen’s equity awards are the same as those described above.

The New Employment Agreements also contain customary non-competition and non-solicitation covenants and covenants regarding the treatment of confidential information.

The foregoing descriptions of the New Employment Agreements are general descriptions and are qualified in their entirety by reference to the applicable agreement that is included as an Exhibit to this Form 10-Q.

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### **Item 6. Exhibits**

(a) Exhibits	
Exhibit 3.1	Articles of Incorporation of Popeyes Louisiana Kitchen, Inc. (the “Company”) (f/k/a AFC Enterprises, Inc.), as amended (incorporated by reference to Exhibit 3.1 of the Company’s Quarterly Report on Form 10-Q for the quarterly period ended July 14, 2002).
Exhibit 3.2	Articles of Amendment of Articles of Incorporation of the Company dated January 17, 2014 (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed January 21, 2014).
Exhibit 3.3	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 of the Company’s Current Report on Form 8-K filed April 16, 2008).
Exhibit 3.4	Amendment No. 2 to Amended and Restated Bylaws of the Company, dated January 17, 2014 (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed January 21, 2014).
10.1#	Employment Agreement, dated February 22, 2016, between the Company and Cheryl A. Bachelder (incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed February 23, 2016).
10.2#	Employment Agreement, dated February 22, 2016, between the Company and Richard H. Lynch (incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed February 23, 2016).
10.3#	Employment Agreement, dated May 24, 2016, between the Company and Andrew G. Skehan.
10.4#	Employment Agreement, dated May 24, 2016, between the Company and William P. Matt.
10.5#	Employment Agreement, dated May 24, 2016, between the Company and Harold M. Cohen.
10.6#	Employment Agreement, dated May 24, 2016, between the Company and John K. Merkin.
Exhibit 11.1*	Statement Regarding Composition of Per Share Earnings.
Exhibit 31.1	Certification pursuant to Rule 13a — 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification pursuant to Rule 13a — 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101	The following financial information for the Company, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statement of Changes in Shareholders’ Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) the Notes to the Unaudited Condensed Consolidated Financial Statements.

\* Data required by FASB authoritative guidance for Earnings per Share, is provided in Note 12 to our condensed consolidated financial statements in Part 1, Item 1 to this quarterly report.

# Management contract, compensatory plan or arrangement required to be filed as an exhibit.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 25, 2016

Popeyes Louisiana Kitchen, Inc.

By: /s/ William P. Matt  
William P. Matt  
Chief Financial Officer  
(Duly Authorized Officer and Principal Financial Officer)

**EMPLOYMENT AGREEMENT**  
**Effective as of May 24, 2016 between**  
**Popeyes Louisiana Kitchen, Inc. (the "Company") and**  
**Andrew Skehan ("Executive")**

WHEREAS, the Company currently employs Executive under the terms and conditions of an employment agreement between the Company and Executive dated August 17, 2011 (the "Prior Employment Agreement"); and

WHEREAS, the Company and Executive desire to amend and restate the Prior Employment Agreement for the purpose of updating certain provisions to reflect current competitive pay practices (as so amended and restated herein, the "Agreement");

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Term of Agreement.

This Agreement shall be effective as of the date set forth above (the "Effective Date") and, unless earlier terminated pursuant to Section 8 below, shall continue through December 31, 2016 (the "Initial Term"). Beginning on December 31, 2016, and on each December 31 thereafter (each, a "Renewal Date"), Executive's employment hereunder will automatically be extended for an additional one-year period without further action by Executive or the Company. Such automatic one-year renewal shall continue from year to year unless and until either the Company or Executive gives to the other written notice not less than ninety (90) days prior to the applicable Renewal Date of its or his decision not to renew for an additional one year. The Initial Term and any renewal shall be referred to as the "Term."

2. Employment.

2.01 Position. Executive shall serve as President- International of the Company, and shall perform such duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer of the Company ("CEO") or the Board of Directors of the Company (the "Board"). Executive shall perform his duties hereunder at the Company's corporate offices at 400 Perimeter Center Terrace, Suite 1000, Atlanta, Georgia, 30346, subject to such reasonable amount of travel as is necessary to render the services provided hereunder.

2.02 Time and Efforts. Executive, so long as he is employed hereunder, shall devote his full business time and attention to the services required of him hereunder, except as otherwise agreed and for vacation time and reasonable periods of absence due to sickness or personal injury, and shall use his best efforts, judgment and energy to perform and advance the business and interests of the Company in a manner consistent with the duties of his position. Notwithstanding anything contained in this Agreement to the contrary, nothing shall preclude Executive from (i) serving on the boards of directors of trade associations or charitable organizations; (ii) engaging in charitable activities and community affairs; (iii) serving on the boards of directors of other public and/or private companies with the prior written approval of the Board, which shall not be unreasonably withheld; or (iv) managing his personal investments and affairs, provided that the activities described in the preceding clauses (i) through (iv) do not materially interfere with the proper performance of his duties and responsibilities hereunder.

1. Base Salary.



Beginning on the date hereof, the Company shall pay Executive, in equal installments no less frequently than monthly, a base salary of \$443,000 per annum (the “Base Salary”), less all applicable withholdings, during the Term. Executive's Base Salary shall be reviewed by the People Services (Compensation) Committee of the Board (the “Compensation Committee”) on an annual basis.

2. Incentive Pay.

4.01 Annual Cash Incentive Plan. The Compensation Committee, acting in its sole discretion, shall annually, at the beginning of each fiscal year of the Company, approve an annual cash incentive plan (the “Annual Cash Incentive Plan”) for Executive, which Plan shall contain such terms and provisions as the Compensation Committee shall determine. The Annual Cash Incentive Plan shall set forth the specific financial and performance goals which must be achieved for Executive to be entitled to receive payment under such Annual Cash Incentive Plan. Any amounts payable to Executive pursuant to the Annual Cash Incentive Plan is hereinafter referred to as “Cash Incentive Pay.”

4.02 Annual Target Cash Incentive Pay. The annual target Cash Incentive Pay (“Target Cash Incentive Pay”) for Executive during each fiscal year of the Term shall be not less than 60% of Executive’s current Base Salary, payable in accordance with the terms of the Annual Cash Incentive Plan. Executive's Target Cash Incentive Pay, as a percentage of Base Salary, shall be reviewed by the Compensation Committee on an annual basis.

4.03 Payment of Cash Incentive Pay. If Executive is entitled to payment of any Cash Incentive Pay for any fiscal year, payment will be made to Executive as set forth in the Annual Cash Incentive Plan, but in no event later than two and one-half months following the end of each fiscal year.

3. Equity Compensation.

As part of Executive’s compensation, Executive may be granted stock options, restricted stock or other forms of equity compensation in the future based upon Executive’s performance, as determined in the sole discretion of the Compensation Committee. Equity compensation payable to Executive shall be reviewed and approved by the Compensation Committee on an annual basis.

4. Executive Benefits.

6.01 Life Insurance. During the Term, Executive shall be entitled to term life insurance coverage paid by the Company with a death benefit in an amount not less than \$2,215,000 (the “Death Benefit”). The Death Benefit proceeds shall be payable solely under such life insurance policy and not by the Company.

6.02 Disability Insurance. During the Term, Executive shall be entitled to disability insurance coverage in accordance with the terms and conditions of the Company’s disability program available to other senior officers.

6.03 Executive Medical Benefit. The Company, at its expense, shall provide Executive with an annual physical examination to be conducted by a physician or physicians as determined by Executive subject to the reasonable approval of the Company.

6.04 Other Benefits. Executive shall be provided additional employee benefits, in addition to those identified in Section 6.01 through 6.03 above, including, without limitation, participation in the Company’s

401(k) plan, health, accident and disability insurance under the Company's regular and ongoing plans, policies and programs available, from time to time, to senior officers of the Company, in accordance with the provisions of such plans, policies and programs governing eligibility and participation; provided, however, that such benefits may be modified, amended or rescinded by the Compensation Committee or the Board subject to applicable law and the terms of such plans.

6.05 Vacation. Executive shall be entitled to four (4) weeks paid vacation and five (5) days of paid personal business time each year during the Term. Any vacation or personal business days not used in any year shall be subject to forfeiture or accrual pursuant to the Company's then-current vacation policy.

7. Business Expenses.

All reasonable and customary business expenses incurred by Executive in the performance of his duties hereunder during the Term shall be promptly paid or reimbursed by the Company in accordance with the Company's policies in effect, from time to time, and subject to Section 23.04 of this Agreement.

8. Termination of Employment.

8.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

The term "Cause" shall mean (i) Executive commits (as determined by the Board in good faith after giving Executive an opportunity to be heard), is convicted of or pleads guilty or nolo contendere (or any similar plea or admission) to, a felony, or any crime involving fraud, dishonesty, violence or moral turpitude, (ii) Executive, in carrying out his duties hereunder, has been guilty of gross neglect or willful misconduct resulting in harm or potential material harm to the Company or any of its subsidiaries or Affiliates, (iii) Executive willfully engages in dishonesty or other willful conduct that causes harm or has the potential to cause material harm to the reputation of the Company or any of its Affiliates, (iv) Executive's violation of any policy of the Company relating to equal employment opportunity, harassment, business conduct or conflict of interest, (v) Executive's use or sale of illegal drugs, abuse of other controlled substances, working under the influence of alcohol or other controlled substances, (vi) Executive shall have failed to materially comply with the policies of the Company or shall have refused to follow or materially comply with the duly promulgated, reasonable and lawful directives of the Board and such failure or refusal to comply continues for fifteen (15) days after written notice by the Company has been received by Executive, (vii) Executive has breached any of the provisions of Sections 9.02, 9.04 or 9.05 or (viii) Executive otherwise materially breaches a material term of this Agreement.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended, including all applicable Treasury regulations promulgated thereunder.

The term "Constructive Discharge" shall mean a Separation from Service by Executive on account of the following without his prior written consent: (i) a material diminution of his position, authority, responsibilities and/or duties; (ii) any material reduction in Executive's then-current Base Salary or Target Cash Incentive Pay; (iii) the failure of a successor to the Company (whether through an asset sale or other sale of all or substantially all of the Company through which assumption of this Agreement would be required for it to remain in force after consummation of the sale) to assume this Agreement and the Company's obligations under this Agreement; (iv) a material breach of any material term of this Agreement by the Company; or (v) the Company's delivery of a notice indicating its decision not to renew

the Term of this Agreement pursuant to Section 1 of this Agreement; provided, however, that no Separation from Service by Executive shall be considered a Constructive Discharge unless, within ninety (90) days of the initial existence of such diminution or change or other event constituting a Constructive Discharge, Executive has first provided written notice to the Company's Chairman of the Board of the factual circumstances forming the basis for the claim of constructive discharge and of his intent to treat those circumstances as a Constructive Discharge under this Agreement, and the Company has not cured such alleged breach within a period of thirty (30) days after actual receipt of the written notice by the Chairman of the Board. It is intended by the parties that a Constructive Discharge shall constitute an "involuntary separation from service" within the meaning of Treas. Reg. §1.409A-1(n).

The term "Disability" shall mean that Executive has failed to or has been unable to, or that a physician has determined that Executive is, has been or will be, unable to substantially perform his duties as the result of any physical or mental disability for a period of one hundred and eighty (180) days (whether or not consecutive) during any twelve (12) month period.

The term "Separation from Service" shall mean a "separation from service" with the Company within the meaning of Section 409A of the Code.

8.02 Termination upon Death or Disability. If Executive has a Separation from Service due to his death or Disability, the Company shall pay to the estate of Executive or to Executive, as the case may be, within fifteen (15) days following Executive's Separation from Service due to death or Disability, all amounts then payable to Executive pro-rated through the date of Executive's Separation from Service pursuant to Section 3, the amount of any earned but unpaid Cash Incentive Pay pursuant to Section 4.02 above, the amount of any accrued but unused vacation under Section 6.05 above for the year in which the Separation from Service occurs and any reimbursable amounts owed to Executive under Section 7 above (the "Accrued Obligations"). In addition, contingent upon Executive (or in the case of Executive's death, Executive's estate) executing and not revoking a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company, the Company shall pay to Executive (or in the case of Executive's death, Executive's estate), at the time contemplated by the Annual Cash Incentive Plan, such Cash Incentive Pay, if any, to which he would have been entitled under the terms of the Annual Cash Incentive Plan had Executive remained in the employ of the Company for the entire fiscal year in which such termination occurs. Further, all outstanding equity rights held by Executive (including without limitation stock options, restricted stock, restricted stock units and other time-based equity rights) shall become vested on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service. Any stock options and other awards in the nature of rights that may be exercised that are vested or become vested pursuant to the preceding sentence shall expire on the earlier of (i) the one-year anniversary of Executive's Separation from Service, or (ii) their regular termination date. Performance-based equity awards shall be earned on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service, based on an assumed level of performance at target level, and shall be paid within thirty (30) days of Executive's Separation from Service.

8.03 Termination by the Company without Cause or Executive's Resignation for a Constructive Discharge. The Company may terminate Executive's employment under this Agreement without Cause at any time, upon written notice to Executive. If Executive has a Separation from Service as a result of a termination without Cause (other than a Separation of Service described in Section 8.02 above) or as a result of his resignation because he has experienced a Constructive Discharge, the Company shall pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service. In addition, contingent upon Executive's executing and not revoking a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company, and otherwise complying with the condition precedent described below, the Company shall pay or provide to Executive, in lieu of all other

amounts payable hereunder or benefits to be provided hereunder, the following severance amounts and benefits, subject to applicable tax withholding: (a) a payment equal to the sum of (x) and (y) where (x) is one (1.0) times Executive's Base Salary at the time of the Separation from Service, and (y) is one (1.0) times Executive's Target Cash Incentive Pay for the year in which the Separation from Service occurs; and (b) the acceleration of any unvested equity rights held by Executive, as follows: (i) outstanding stock options and other awards in the nature of rights that may be exercised shall become fully vested and exercisable, (ii) time-based restrictions on restricted stock, restricted stock units and other equity awards shall lapse and the awards shall become fully vested, and (iii) performance-based equity awards shall remain outstanding and shall be earned, if at all, based on actual performance through the end of the performance period, prorated to reflect the portion of the performance period that had elapsed prior to Executive's Separation from Service. It is intended by the parties that the severance amounts and benefits described above shall constitute a short-term deferral under Treas. Reg. §1.409A-1(b)(4).

Additionally, if Executive elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Executive and/or Executive's eligible dependents would be entitled under Section 4980B of the Code (COBRA), and otherwise remains eligible for such continuation, then for a period not to exceed twelve (12) months, the Company shall pay the excess of (i) the COBRA cost of such coverage over (ii) the amount that Executive would have had to pay for such coverage if he had remained employed during such period and paid the active employee rate for such coverage, provided, however, that if Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law.

As a condition precedent to the requirement of the Company to make such payments (other than the Accrued Obligations) or grant such accelerated vesting, Executive shall not be in breach of his obligations under Section 9 below and Executive shall have executed, delivered and not revoked a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company.

Any payment (other than the COBRA payments) required to be made under this Section 8.03 shall be made to Executive in a lump sum in cash within 60 days after the date of his Separation from Service; provided, however, that no payment shall be due until at least eight (8) days after Executive has executed and delivered to the Company the separation agreement described above.

8.04 Voluntary Termination by Executive or Termination for Cause. Executive may resign his employment hereunder for any reason and at any time, upon thirty (30) days prior written notice to the Company, and such resignation shall not be a breach of this Agreement. The Company may terminate Executive's employment hereunder at any time for Cause, as determined by the Board acting reasonably and in good faith. In the event Executive has a Separation from Service as a result of his resignation (other than as a result of a Constructive Discharge) or as a result of a termination by the Company for Cause, the Company shall (i) pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service and (ii) be under no obligation to make severance payments to Executive or continue any benefits being provided to Executive beyond the date of Executive's Separation from Service other than benefits to which Executive may be entitled as a result of Federal or state law.

8.05 No Mitigation. In the event of any termination of Executive's employment under this Section 8, Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due to Executive under this Agreement on account of any compensation attributable to any subsequent employment that he may obtain except as specifically provided in this Section 8. Notwithstanding anything contained in this Agreement to the contrary, the payments and benefits set forth in this Section 8

shall be provided to Executive in lieu of any benefits to which Executive may be entitled to receive under any other severance or change-in-control plan, program, policy or arrangement of the Company.

9. Confidentiality and Non-Competition.

9.01 Definitions. For purposes of this Section 9, the following terms shall have the following meanings:

“Affiliate” means any corporation, limited liability company, partnership or other entity of which the Company owns at least fifty percent (50%) of the outstanding equity and voting rights, directly or indirectly, through any other corporation, limited liability company, partnership or other entity.

“Businesses” means the businesses engaged in by the Company directly or through its Affiliates immediately prior to termination of employment.

“Competitive Business” means the business of owning, operating, and/or franchising quick-service restaurants specializing primarily in the sale of chicken as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company or any of its Affiliates as of the termination of Executive’s employment with the Company, or during the two (2) years immediately prior the termination of Executive’s employment with the Company. For the avoidance of doubt, a Competitive Business that specializes primarily in the sale of chicken includes, without limitation, KFC Corporation, Church’s Chicken, Bojangles’, Zaxby’s, Chick-fil-A, Raising Cane’s, Nando’s, Wingstop and WingStreet.

“Confidential Information” means any and all data and information relating to the Company (including any Affiliates), its activities, business, or clients that (i) is disclosed to Executive or of which Executive becomes aware as a consequence of his employment with the Company; (ii) has value to the Company or any Affiliate; and (iii) is not generally known outside of the Company or any Affiliate. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning the Company or any Affiliate: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of the Company or any Affiliate, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of the Company or any Affiliate. In addition to data and information relating to the Company and its Affiliates, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company or any Affiliate by such third party, and that the Company or such Affiliate has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law.

“Restricted Period” means the period commencing as of the date hereof and ending on the date one (1) year after the termination of Executive’s employment with the Company for any reason, whether voluntary or involuntary.

“Restricted Territory” means the territory as to which Executive provides services for the Company or its Affiliates, which extends to the area in which the Company or its Affiliates conduct the Competitive Business as of the date of Executive’s Separation from Service.

“Restrictive Covenants” means the obligations contained in Sections 9.02 through 9.06 below.

9.02 Covenant Not to Use or Disclose Confidential Information. The Company and Executive recognize that, during the course of Executive’s employment with the Company, the Company has disclosed and will continue to disclose to Executive Confidential Information concerning the Company and the Affiliates, their products, their franchisees, their services and other matters concerning their Businesses, all of which constitute valuable assets of the Company and the Affiliates. The Company and Executive further acknowledge that the Company has, and will, invest considerable amounts of time, effort and corporate resources in developing such valuable assets and that disclosure by Executive of such assets to the public shall cause irreparable harm, damage and loss to the Company and the Affiliates. Accordingly, Executive acknowledges and agrees, except as may be required otherwise by law:

- (a) that the Confidential Information is and shall remain the exclusive property of the Company (or the applicable Affiliate);
- (b) to use the Confidential Information exclusively for the purpose of fulfilling the obligations under this Agreement;
- (c) to hold the Confidential Information in confidence and not copy, publish or disclose to others or allow any other party to copy, publish or disclose to others in any form, any Confidential Information without the prior written approval of an authorized representative of the Company; and
- (d) not to use any Confidential Information for the benefit of anyone other than the Company

Notwithstanding anything contained in this Agreement to the contrary, Executive may use or disclose Confidential Information (i) as such use or disclosure may be required or appropriate to fulfill his duties for the benefit of the Company as an employee of the Company, (ii) when required to do so by a court of law, by a governmental agency having regulatory authority over the Company and the authority to order such use or disclosure, (iii) to the extent that such Confidential Information becomes generally known to the public or trade through the act of one who has the authority to disclose such information without violating any right or privilege of the Company or any of its Affiliates, or (iv) with respect to disclosure of information involving Executive’s compensation, to Executive’s spouse, attorney and/or personal tax or financial advisor, provided, however, that any disclosure or use of such Confidential Information by any such person (except to complete Executive’s personal tax, legal or financial planning) shall be deemed to be a breach of this Section 9.02 by Executive.

These obligations shall remain in effect for as long as the information or materials in question retain their status as Confidential Information.

The confidentiality, property, and proprietary rights protections available in this Agreement are in addition to, and not exclusive of, any and all other corporate rights, including those provided under copyright, corporate officer or director fiduciary duties, and trade secret and confidential information laws.

Notwithstanding anything contained herein to the contrary, Executive shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive.

9.03 Cooperation. Executive agrees to cooperate with the Related Parties, with no compensation beyond compensation to which he is otherwise entitled pursuant to this Agreement, in any litigation or administrative proceedings involving any matters with which Executive was involved during Executive's employment with the Company. The Company shall request such assistance in a reasonable manner so as to not unreasonably interfere with Executive's business and personal schedules and shall reimburse Executive for reasonable expenses reasonably incurred by Executive in providing such assistance.

9.04 Covenant Not to Compete. Executive agrees that, during the Restricted Period, he will not, without prior written consent of the Company, directly or indirectly (i) be employed or otherwise engaged by a Competitive Business within the Restricted Territory in a management, executive, director or consulting capacity, (ii) engage in Competitive Business within the Restricted Territory or (iii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in Competitive Business within the Restricted Territory. Executive acknowledges and agrees that the Company does business throughout the Restricted Territory, that Executive's duties concern the entire Restricted Territory and that the Restricted Territory is therefore reasonable.

9.05 Covenant Not To Induce. Executive covenants and agrees that during the Restricted Period, he will not, directly or indirectly, on his own behalf or in the service or on behalf of others, hire, solicit for other employment, take away or attempt to hire, solicit for other employment or take away any person who is or was an employee of the Company or any Affiliate during the one (1) year immediately preceding the conduct in question (if the conduct occurs while Executive is still employed by the Company) or the termination of Executive's employment (if the conduct occurs after Executive's termination), as applicable.

9.06 Return of Materials. Except in the course of Executive carrying out his duties hereunder: (i) Executive agrees that he will not retain, provide to others outside the Company damage or destroy (except as set forth below), and will immediately return to the Company on or prior to the termination of Executive's employment or at any other time the Company requests such return, any and all property of the Company that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company or any Affiliate or their business (regardless of form, but specifically including all electronic files and data of the Company and all Affiliates), together with all Confidential Information belonging to the Company or any Affiliate or that Executive received from or through his employment with the Company, and (ii) Executive will not make, distribute, or retain copies, portions, abstracts, summaries or other representations of any such information or property.

9.07 Remedies. Executive specifically acknowledges and agrees that the remedy at law for any breach of the Restrictive Covenants will be inadequate and that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Executive further agrees that in the event Executive breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently,

Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction. If permitted under applicable law, Executive understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. The Company and Executive understand and agree that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants, a court of competent jurisdiction shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party's reasonable attorneys' fees.

9.08 Severability and Modification of Covenants. Executive acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant and they are severable from one another. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and no other provisions of this Agreement shall be rendered invalid or unenforceable by such modification.

9.09 Ownership of Property. Executive agrees and acknowledges that all works of authorship and inventions, including but not limited to products, goods, know-how, Trade Secrets and Confidential Information, and any revisions thereof, in any form and in whatever stage of creation or development, arising out of or resulting from, or in connection with, the services provided by Executive to the Company or any Affiliate under this Agreement are works made for hire and shall be the sole and exclusive property of the Company or such Affiliate. Executive agrees to execute such documents as the Company may reasonably request for the purpose of effectuating the ownership and other rights of the Company or the Affiliate in any such property.

9.10 No Defense. The existence of any claim, demand, action or cause of action of Executive against the Company shall not constitute a defense to the enforcement by the Company of any of the covenants or agreements in this Section 9.

10. Mandatory Reduction of Payments in Certain Events.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then, prior to the making of any Payment to Executive, a calculation shall be made comparing (i) the net benefit to Executive of the Payment after payment of the Excise Tax, to (ii) the net benefit to Executive if the Payment had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payment shall be limited to the extent necessary to avoid being subject to the Excise Tax (the "Reduced Amount"). The reduction of the Payments



due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the “change in ownership or control” (as such term is used and defined in Section 280G of the Code), as determined by the Determination Firm (as defined in Section 10(b) below). For purposes of this Section 10, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 10, the “Parachute Value” of a Payment means the present value as of the date of the “change in ownership or control” of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) The determination of whether an Excise Tax would be imposed, the amount of such Excise Tax, and the calculation of the amounts referred to Section 10(a)(i) and (ii) above shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and Executive (the "Determination Firm") which shall provide detailed supporting calculations. Any determination by the Determination Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which Executive was entitled to, but did not receive pursuant to Section 10(a), could have been made without the imposition of the Excise Tax ("Underpayment"). In such event, the Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

## 11. Dispute Resolution.

11.01 Agreement to Arbitrate. In consideration for his continued employment with the Company, and other consideration, the sufficiency of which is hereby acknowledged, Executive acknowledges and agrees that any controversy or claim arising out of or relating to Executive’s employment, termination of employment, or this Agreement including, but not limited to, controversies and claims that are protected or covered by any federal, state, or local statute, regulation or common law, shall be settled by arbitration pursuant to the Federal Arbitration Act. This includes, but is not limited to, violations or alleged violations of any federal or state statute or common law (including, but not limited to, the laws of the United States or of any state, or the Constitution of the United States or of any state), or of any other law, statute, ordinance, including but not limited to, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Equal Pay Act, Executive Retirement Income Security Act of 1972, as amended, the Rehabilitation Act of 1973, and any other statute or common law. This provision shall not, however, preclude the Company from seeking equitable relief as provided in Section 9.07 above.

11.02 Procedure. The arbitration shall be conducted in accordance with the Employment Arbitration Rules of the American Arbitration Association (“AAA”). Executive and the Company shall attempt to agree upon a single arbitrator, either from a list provided by the AAA or otherwise. If the parties have not agreed upon a single arbitrator within thirty (30) days after filing of the demand for arbitration, each party shall, within fifteen (15) days thereafter, select an arbitrator and, thereafter, the two arbitrators shall select a third arbitrator from a list provided by the AAA and the three arbitrator panel shall resolve the dispute. The arbitration shall be initiated in Atlanta, Georgia, unless the parties agree in writing to a different location or the Arbitrator directs the arbitration to be held at a different location. Filing fees and all costs of the arbitrator panel shall be paid for by the Company. The arbitrator panel shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party’s reasonable attorneys’ fees. The

award rendered by the arbitrator shall be final and binding on the parties hereto and judgment thereon may be entered in any court having jurisdiction thereof. In addition to that provided for in the Employment Arbitration Rules, the arbitrator has sole discretion to permit discovery consistent with the Federal Rules of Civil Procedure and the judicial interpretation of those rules upon request by any party; provided, however, it is the intent of the parties that the arbitrator limit the time and scope of any such discovery to the greatest extent practicable and provide a decision as rapidly as possible given the circumstances of the claims to be determined. The arbitrator also shall have the power and authority to grant injunctive relief for any violation of Sections 9.02 through 9.04 and the arbitrator's order granting such relief may be entered in any court of competent jurisdiction. The agreement to arbitrate any claim arising out of the employment relationship or termination of employment shall not apply to those claims which cannot be made subject to this provision by statute, regulation or common law. These include, but are not limited to, any claims relating to work related injuries and claims for unemployment benefits under applicable state laws.

11.03 Rights of Parties. Nothing in this Section 11 shall be construed to prevent either party from asking a court of competent jurisdiction to enter appropriate equitable relief to enjoin any violation of this Agreement. Either party shall have the right to seek such relief in connection with or apart from the parties' rights under this Section 11 to arbitrate all disputes. With respect to disputes arising under this Agreement that are submitted to a court rather than an arbitrator, including actions to compel arbitration or for equitable relief in aid of arbitration, the parties agree that venue and jurisdiction are proper in any state or federal court lying within Atlanta, Georgia and specifically consent to the jurisdiction and venue of such court for the purpose of any proceedings contemplated by this paragraph. By entering into this Agreement the parties have expressly agreed to resolve any disputes covered by this Agreement through the arbitration process described herein.

12. Executive Acknowledgment.

By signing this Agreement, Executive acknowledges that the Company has advised Executive of his right to consult with an attorney prior to executing this Agreement; that he has the right to retain counsel of his own choosing concerning the agreement to arbitrate or any waiver of rights or claims; that he has read and fully understands the terms of this Agreement and/or has had the right to have it reviewed and approved by counsel of choice, with adequate opportunity and time for such review; and that he is fully aware of its contents and of its legal effect. Accordingly, this Agreement shall not be construed against any party on the grounds that the party drafted this Agreement. Instead, this Agreement shall be interpreted as though drafted equally by all parties.

13. Amendments.

This Agreement may not be altered, modified or amended except by a written instrument signed by each of the parties hereto.

14. Successors.

As used in this Agreement, the term the Company shall include any successors to all or substantially all of the business and/or assets of the Company which assumes and agrees to perform this Agreement.

15. Assignment.

Neither this Agreement nor any of the rights or obligations of either party hereunder shall be assigned or delegated by any party hereto without the prior written consent of the other party, except that the Company may without the consent of Executive assign its rights and delegate its duties hereunder to any successor to

the business of the Company. In the event of the assignment by the Company of its rights and the delegation of its duties to a successor to the business of the Company and the assumption of such rights and obligations by such successor, the Company shall, effective upon such assumption, be relieved from any and all obligations whatsoever to Executive hereunder. If a successor to the Company fails to assume this Agreement and the Company's obligations under this Agreement, then the Company shall not be relieved of its obligations to Executive hereunder.

16. Waiver.

Waiver by any party hereto of any breach or default by any other party of any of the terms of this Agreement shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived.

17. Severability.

In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

18. Survival.

Notwithstanding anything herein to the contrary, the provisions of Sections 7, 8, 9, 10, 11, 12 and 14 above and Sections 20, 22 and 23 below shall survive the termination of this Agreement.

19. Entire Terms.

This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings other than those expressly set forth herein. This Agreement supersedes all prior agreements, arrangements and understandings between the parties, whether oral or written, with respect to the employment of Executive.

20. Notices.

Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or if mailed in the manner herein specified, five (5) days after postmark of such mailing when mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive :

Andrew Skehan  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346

If to the Company to :

Popeyes Louisiana Kitchen, Inc.  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346  
Attn: General Counsel

or to such other address or such other person as Executive or the Company shall designate in writing in accordance with this Section 20 except that notices regarding changes in notices shall be effective only upon receipt.

21. Headings.

Headings to Sections in this Agreement are for the convenience of the parties only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

22. Governing Law; Forum.

The Agreement shall be governed by the laws of the State of Georgia without reference to the principles of conflict of laws. The parties agree that the exclusive forum for any action for injunctive relief relating to the Restrictive Covenants shall be the state or federal courts of the State of Georgia. If any provision of any agreement, plan, program, policy, arrangement or other written document between or relating to the Company and the Executive conflicts with any provision of this Agreement, the provision of this Agreement shall control and prevail.

23. Compliance with Section 409A of the Code.

23.01 In General. To the extent this Agreement is subject to Section 409A of the Code, the Company and Executive intend all payments under this Agreement to comply with the requirements of such section, and this Agreement shall, to the extent reasonably practicable, be operated and administered to effectuate such intent.

23.02 Six-Month Delay in Certain Circumstances. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” within the meaning of Section 409A of the Code (“Non-Exempt Deferred Compensation”) would otherwise be payable or distributable under this Agreement by reason of Executive’s Separation from Service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following Executive’s Separation from Service will be accumulated through and paid or provided on the first day of the seventh month following Executive’s Separation from Service (or, if Executive dies during such period, within 30 days after Executive’s death) (in either case, the “Required Delay Period”); and

(ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

For purposes of this Agreement, the term “Specified Employee” has the meaning given such term in Section 409A of the Code.

23.03 Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Executive’s execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after Executive’s Separation from Service; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, and if such 60-day period begins in one calendar year and ends in the next calendar year, the payment or benefit

shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year. In other words, Executive is not permitted to influence the calendar year of payment based on the timing of his signing of the release.

23.04 Timing of Reimbursements and In-kind Benefits. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, and such payments or reimbursements are includible in Executive's federal gross taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. Executive's rights to payment or reimbursement of expenses under this Agreement shall not be subject to liquidation or exchange for another benefit.

23.05 Treatment of Installment Payments. Each payment of termination benefits under Section 8 of this Agreement, including, without limitation, each payment or reimbursement of premiums for group medical, dental, vision and/or prescription drug plan benefits, shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

24. Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and Executive has hereunto set his hand as of the day and year first above written.

**COMPANY:**

**POPEYES LOUISIANA KITCHEN, INC.**

By: /s/ Cheryl A. Bachelder  
Cheryl A. Bachelder  
Chief Executive Officer

**EXECUTIVE:**

/s/ Andrew Skehan  
Andrew Skehan

**EMPLOYMENT AGREEMENT**  
**Effective as of May 24, 2016 between**  
**Popeyes Louisiana Kitchen, Inc. (the "Company") and**  
**William P. Matt ("Executive")**

WHEREAS, the Company currently employs Executive under the terms and conditions of an employment agreement between the Company and Executive dated August 21, 2014 (the "Prior Employment Agreement"); and

WHEREAS, the Company and Executive desire to amend and restate the Prior Employment Agreement for the purpose of updating certain provisions to reflect current competitive pay practices (as so amended and restated herein, the "Agreement");

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Term of Agreement.

This Agreement shall be effective as of the date set forth above (the "Effective Date") and, unless earlier terminated pursuant to Section 8 below, shall continue through December 31, 2016 (the "Initial Term"). Beginning on December 31, 2016, and on each December 31 thereafter (each, a "Renewal Date"), Executive's employment hereunder will automatically be extended for an additional one-year period without further action by Executive or the Company. Such automatic one-year renewal shall continue from year to year unless and until either the Company or Executive gives to the other written notice not less than ninety (90) days prior to the applicable Renewal Date of its or his decision not to renew for an additional one year. The Initial Term and any renewal shall be referred to as the "Term."

2. Employment.

2.01 Position. Executive shall serve as Chief Financial Officer of the Company, and shall perform such duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer of the Company ("CEO") or the Board of Directors of the Company (the "Board"). Executive shall perform his duties hereunder at the Company's corporate offices at 400 Perimeter Center Terrace, Suite 1000, Atlanta, Georgia, 30346, subject to such reasonable amount of travel as is necessary to render the services provided hereunder.

2.02 Time and Efforts. Executive, so long as he is employed hereunder, shall devote his full business time and attention to the services required of him hereunder, except as otherwise agreed and for vacation time and reasonable periods of absence due to sickness or personal injury, and shall use his best efforts, judgment and energy to perform and advance the business and interests of the Company in a manner consistent with the duties of his position. Notwithstanding anything contained in this Agreement to the contrary, nothing shall preclude Executive from (i) serving on the boards of directors of trade associations or charitable organizations; (ii) engaging in charitable activities and community affairs; (iii) serving on the boards of directors of other public and/or private companies with the prior written approval of the Board, which shall not be unreasonably withheld; or (iv) managing his personal investments and affairs, provided that the activities described in the preceding clauses (i) through (iv) do not materially interfere with the proper performance of his duties and responsibilities hereunder.

1. Base Salary.

Beginning on the date hereof, the Company shall pay Executive, in equal installments no less frequently than monthly, a base salary of \$412,000 per annum (the “Base Salary”), less all applicable withholdings, during the Term. Executive's Base Salary shall be reviewed by the People Services (Compensation) Committee of the Board (the “Compensation Committee”) on an annual basis.

2. Incentive Pay.

4.01 Annual Cash Incentive Plan. The Compensation Committee, acting in its sole discretion, shall annually, at the beginning of each fiscal year of the Company, approve an annual cash incentive plan (the “Annual Cash Incentive Plan”) for Executive, which Plan shall contain such terms and provisions as the Compensation Committee shall determine. The Annual Cash Incentive Plan shall set forth the specific financial and performance goals which must be achieved for Executive to be entitled to receive payment under such Annual Cash Incentive Plan. Any amounts payable to Executive pursuant to the Annual Cash Incentive Plan is hereinafter referred to as “Cash Incentive Pay.”

4.02 Annual Target Cash Incentive Pay. The annual target Cash Incentive Pay (“Target Cash Incentive Pay”) for Executive during each fiscal year of the Term shall be not less than 60% of Executive’s current Base Salary, payable in accordance with the terms of the Annual Cash Incentive Plan. Executive's Target Cash Incentive Pay, as a percentage of Base Salary, shall be reviewed by the Compensation Committee on an annual basis.

4.03 Payment of Cash Incentive Pay. If Executive is entitled to payment of any Cash Incentive Pay for any fiscal year, payment will be made to Executive as set forth in the Annual Cash Incentive Plan, but in no event later than two and one-half months following the end of each fiscal year.

3. Equity Compensation.

As part of Executive’s compensation, Executive may be granted stock options, restricted stock or other forms of equity compensation in the future based upon Executive’s performance, as determined in the sole discretion of the Compensation Committee. Equity compensation payable to Executive shall be reviewed and approved by the Compensation Committee on an annual basis.

4. Executive Benefits.

6.01 Life Insurance. During the Term, Executive shall be entitled to term life insurance coverage paid by the Company with a death benefit in an amount not less than \$2,060 ,000 (the “Death Benefit”). The Death Benefit proceeds shall be payable solely under such life insurance policy and not by the Company.

6.02 Disability Insurance. During the Term, Executive shall be entitled to disability insurance coverage in accordance with the terms and conditions of the Company’s disability program available to other senior officers.

6.03 Executive Medical Benefit. The Company, at its expense, shall provide Executive with an annual physical examination to be conducted by a physician or physicians as determined by Executive subject to the reasonable approval of the Company.

6.04 Other Benefits. Executive shall be provided additional employee benefits, in addition to those identified in Section 6.01 through 6.03 above, including, without limitation, participation in the Company’s

401(k) plan, health, accident and disability insurance under the Company's regular and ongoing plans, policies and programs available, from time to time, to senior officers of the Company, in accordance with the provisions of such plans, policies and programs governing eligibility and participation; provided, however, that such benefits may be modified, amended or rescinded by the Compensation Committee or the Board subject to applicable law and the terms of such plans.

6.05 Vacation. Executive shall be entitled to four (4) weeks paid vacation and five (5) days of paid personal business time each year during the Term. Any vacation or personal business days not used in any year shall be subject to forfeiture or accrual pursuant to the Company's then-current vacation policy.

7. Business Expenses.

All reasonable and customary business expenses incurred by Executive in the performance of his duties hereunder during the Term shall be promptly paid or reimbursed by the Company in accordance with the Company's policies in effect, from time to time, and subject to Section 23.04 of this Agreement.

8. Termination of Employment.

8.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

The term "Cause" shall mean (i) Executive commits (as determined by the Board in good faith after giving Executive an opportunity to be heard), is convicted of or pleads guilty or nolo contendere (or any similar plea or admission) to, a felony, or any crime involving fraud, dishonesty, violence or moral turpitude, (ii) Executive, in carrying out his duties hereunder, has been guilty of gross neglect or willful misconduct resulting in harm or potential material harm to the Company or any of its subsidiaries or Affiliates, (iii) Executive willfully engages in dishonesty or other willful conduct that causes harm or has the potential to cause material harm to the reputation of the Company or any of its Affiliates, (iv) Executive's violation of any policy of the Company relating to equal employment opportunity, harassment, business conduct or conflict of interest, (v) Executive's use or sale of illegal drugs, abuse of other controlled substances, working under the influence of alcohol or other controlled substances, (vi) Executive shall have failed to materially comply with the policies of the Company or shall have refused to follow or materially comply with the duly promulgated, reasonable and lawful directives of the Board and such failure or refusal to comply continues for fifteen (15) days after written notice by the Company has been received by Executive, (vii) Executive has breached any of the provisions of Sections 9.02, 9.04 or 9.05 or (viii) Executive otherwise materially breaches a material term of this Agreement.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended, including all applicable Treasury regulations promulgated thereunder.

The term "Constructive Discharge" shall mean a Separation from Service by Executive on account of the following without his prior written consent: (i) a material diminution of his position, authority, responsibilities and/or duties; (ii) any material reduction in Executive's then-current Base Salary or Target Cash Incentive Pay; (iii) the failure of a successor to the Company (whether through an asset sale or other sale of all or substantially all of the Company through which assumption of this Agreement would be required for it to remain in force after consummation of the sale) to assume this Agreement and the Company's obligations under this Agreement; (iv) a material breach of any material term of this Agreement by the Company; or (v) the Company's delivery of a notice indicating its decision not to renew



the Term of this Agreement pursuant to Section 1 of this Agreement; provided, however, that no Separation from Service by Executive shall be considered a Constructive Discharge unless, within ninety (90) days of the initial existence of such diminution or change or other event constituting a Constructive Discharge, Executive has first provided written notice to the Company's Chairman of the Board of the factual circumstances forming the basis for the claim of constructive discharge and of his intent to treat those circumstances as a Constructive Discharge under this Agreement, and the Company has not cured such alleged breach within a period of thirty (30) days after actual receipt of the written notice by the Chairman of the Board. It is intended by the parties that a Constructive Discharge shall constitute an "involuntary separation from service" within the meaning of Treas. Reg. §1.409A-1(n).

The term "Disability" shall mean that Executive has failed to or has been unable to, or that a physician has determined that Executive is, has been or will be, unable to substantially perform his duties as the result of any physical or mental disability for a period of one hundred and eighty (180) days (whether or not consecutive) during any twelve (12) month period.

The term "Separation from Service" shall mean a "separation from service" with the Company within the meaning of Section 409A of the Code.

8.02 Termination upon Death or Disability. If Executive has a Separation from Service due to his death or Disability, the Company shall pay to the estate of Executive or to Executive, as the case may be, within fifteen (15) days following Executive's Separation from Service due to death or Disability, all amounts then payable to Executive pro-rated through the date of Executive's Separation from Service pursuant to Section 3, the amount of any earned but unpaid Cash Incentive Pay pursuant to Section 4.02 above, the amount of any accrued but unused vacation under Section 6.05 above for the year in which the Separation from Service occurs and any reimbursable amounts owed to Executive under Section 7 above (the "Accrued Obligations"). In addition, contingent upon Executive (or in the case of Executive's death, Executive's estate) executing and not revoking a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company, the Company shall pay to Executive (or in the case of Executive's death, Executive's estate), at the time contemplated by the Annual Cash Incentive Plan, such Cash Incentive Pay, if any, to which he would have been entitled under the terms of the Annual Cash Incentive Plan had Executive remained in the employ of the Company for the entire fiscal year in which such termination occurs. Further, all outstanding equity rights held by Executive (including without limitation stock options, restricted stock, restricted stock units and other time-based equity rights) shall become vested on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service. Any stock options and other awards in the nature of rights that may be exercised that are vested or become vested pursuant to the preceding sentence shall expire on the earlier of (i) the one-year anniversary of Executive's Separation from Service, or (ii) their regular termination date. Performance-based equity awards shall be earned on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service, based on an assumed level of performance at target level, and shall be paid within thirty (30) days of Executive's Separation from Service.

8.03 Termination by the Company without Cause or Executive's Resignation for a Constructive Discharge. The Company may terminate Executive's employment under this Agreement without Cause at any time, upon written notice to Executive. If Executive has a Separation from Service as a result of a termination without Cause (other than a Separation of Service described in Section 8.02 above) or as a result of his resignation because he has experienced a Constructive Discharge, the Company shall pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service. In addition, contingent upon Executive's executing and not revoking a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company, and otherwise complying with the condition precedent described below, the Company shall pay or provide to Executive, in lieu of all other

amounts payable hereunder or benefits to be provided hereunder, the following severance amounts and benefits, subject to applicable tax withholding: (a) a payment equal to the sum of (x) and (y) where (x) is one (1.0) times Executive's Base Salary at the time of the Separation from Service, and (y) is one (1.0) times Executive's Target Cash Incentive Pay for the year in which the Separation from Service occurs; and (b) the acceleration of any unvested equity rights held by Executive, as follows: (i) outstanding stock options and other awards in the nature of rights that may be exercised shall become fully vested and exercisable, (ii) time-based restrictions on restricted stock, restricted stock units and other equity awards shall lapse and the awards shall become fully vested, and (iii) performance-based equity awards shall remain outstanding and shall be earned, if at all, based on actual performance through the end of the performance period, prorated to reflect the portion of the performance period that had elapsed prior to Executive's Separation from Service. It is intended by the parties that the severance amounts and benefits described above shall constitute a short-term deferral under Treas. Reg. §1.409A-1(b)(4).

Additionally, if Executive elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Executive and/or Executive's eligible dependents would be entitled under Section 4980B of the Code (COBRA), and otherwise remains eligible for such continuation, then for a period not to exceed twelve (12) months, the Company shall pay the excess of (i) the COBRA cost of such coverage over (ii) the amount that Executive would have had to pay for such coverage if he had remained employed during such period and paid the active employee rate for such coverage, provided, however, that if Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law.

As a condition precedent to the requirement of the Company to make such payments (other than the Accrued Obligations) or grant such accelerated vesting, Executive shall not be in breach of his obligations under Section 9 below and Executive shall have executed, delivered and not revoked a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company.

Any payment (other than the COBRA payments) required to be made under this Section 8.03 shall be made to Executive in a lump sum in cash within 60 days after the date of his Separation from Service; provided, however, that no payment shall be due until at least eight (8) days after Executive has executed and delivered to the Company the separation agreement described above.

8.04 Voluntary Termination by Executive or Termination for Cause. Executive may resign his employment hereunder for any reason and at any time, upon thirty (30) days prior written notice to the Company, and such resignation shall not be a breach of this Agreement. The Company may terminate Executive's employment hereunder at any time for Cause, as determined by the Board acting reasonably and in good faith. In the event Executive has a Separation from Service as a result of his resignation (other than as a result of a Constructive Discharge) or as a result of a termination by the Company for Cause, the Company shall (i) pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service and (ii) be under no obligation to make severance payments to Executive or continue any benefits being provided to Executive beyond the date of Executive's Separation from Service other than benefits to which Executive may be entitled as a result of Federal or state law.

8.05 No Mitigation. In the event of any termination of Executive's employment under this Section 8, Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due to Executive under this Agreement on account of any compensation attributable to any subsequent employment that he may obtain except as specifically provided in this Section 8. Notwithstanding anything contained in this Agreement to the contrary, the payments and benefits set forth in this Section 8

shall be provided to Executive in lieu of any benefits to which Executive may be entitled to receive under any other severance or change-in-control plan, program, policy or arrangement of the Company.

9. Confidentiality and Non-Competition.

9.01 Definitions. For purposes of this Section 9, the following terms shall have the following meanings:

“Affiliate” means any corporation, limited liability company, partnership or other entity of which the Company owns at least fifty percent (50%) of the outstanding equity and voting rights, directly or indirectly, through any other corporation, limited liability company, partnership or other entity.

“Businesses” means the businesses engaged in by the Company directly or through its Affiliates immediately prior to termination of employment.

“Competitive Business” means the business of owning, operating, and/or franchising quick-service restaurants specializing primarily in the sale of chicken as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company or any of its Affiliates as of the termination of Executive’s employment with the Company, or during the two (2) years immediately prior the termination of Executive’s employment with the Company. For the avoidance of doubt, a Competitive Business that specializes primarily in the sale of chicken includes, without limitation, KFC Corporation, Church’s Chicken, Bojangles’, Zaxby’s, Chick-fil-A, Raising Cane’s, Nando’s, Wingstop and WingStreet.

“Confidential Information” means any and all data and information relating to the Company (including any Affiliates), its activities, business, or clients that (i) is disclosed to Executive or of which Executive becomes aware as a consequence of his employment with the Company; (ii) has value to the Company or any Affiliate; and (iii) is not generally known outside of the Company or any Affiliate. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning the Company or any Affiliate: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of the Company or any Affiliate, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of the Company or any Affiliate. In addition to data and information relating to the Company and its Affiliates, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company or any Affiliate by such third party, and that the Company or such Affiliate has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law.

“Restricted Period” means the period commencing as of the date hereof and ending on the date one (1) year after the termination of Executive’s employment with the Company for any reason, whether voluntary or involuntary.

“Restricted Territory” means the territory as to which Executive provides services for the Company or its Affiliates, which extends to the area in which the Company or its Affiliates conduct the Competitive Business as of the date of Executive’s Separation from Service.

“Restrictive Covenants” means the obligations contained in Sections 9.02 through 9.06 below.

9.02 Covenant Not to Use or Disclose Confidential Information. The Company and Executive recognize that, during the course of Executive’s employment with the Company, the Company has disclosed and will continue to disclose to Executive Confidential Information concerning the Company and the Affiliates, their products, their franchisees, their services and other matters concerning their Businesses, all of which constitute valuable assets of the Company and the Affiliates. The Company and Executive further acknowledge that the Company has, and will, invest considerable amounts of time, effort and corporate resources in developing such valuable assets and that disclosure by Executive of such assets to the public shall cause irreparable harm, damage and loss to the Company and the Affiliates. Accordingly, Executive acknowledges and agrees, except as may be required otherwise by law:

- (a) that the Confidential Information is and shall remain the exclusive property of the Company (or the applicable Affiliate);
- (b) to use the Confidential Information exclusively for the purpose of fulfilling the obligations under this Agreement;
- (c) to hold the Confidential Information in confidence and not copy, publish or disclose to others or allow any other party to copy, publish or disclose to others in any form, any Confidential Information without the prior written approval of an authorized representative of the Company; and
- (d) not to use any Confidential Information for the benefit of anyone other than the Company

Notwithstanding anything contained in this Agreement to the contrary, Executive may use or disclose Confidential Information (i) as such use or disclosure may be required or appropriate to fulfill his duties for the benefit of the Company as an employee of the Company, (ii) when required to do so by a court of law, by a governmental agency having regulatory authority over the Company and the authority to order such use or disclosure, (iii) to the extent that such Confidential Information becomes generally known to the public or trade through the act of one who has the authority to disclose such information without violating any right or privilege of the Company or any of its Affiliates, or (iv) with respect to disclosure of information involving Executive’s compensation, to Executive’s spouse, attorney and/or personal tax or financial advisor, provided, however, that any disclosure or use of such Confidential Information by any such person (except to complete Executive’s personal tax, legal or financial planning) shall be deemed to be a breach of this Section 9.02 by Executive.

These obligations shall remain in effect for as long as the information or materials in question retain their status as Confidential Information.

The confidentiality, property, and proprietary rights protections available in this Agreement are in addition to, and not exclusive of, any and all other corporate rights, including those provided under copyright, corporate officer or director fiduciary duties, and trade secret and confidential information laws.

Notwithstanding anything contained herein to the contrary, Executive shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive.

9.03 Cooperation. Executive agrees to cooperate with the Related Parties, with no compensation beyond compensation to which he is otherwise entitled pursuant to this Agreement, in any litigation or administrative proceedings involving any matters with which Executive was involved during Executive's employment with the Company. The Company shall request such assistance in a reasonable manner so as to not unreasonably interfere with Executive's business and personal schedules and shall reimburse Executive for reasonable expenses reasonably incurred by Executive in providing such assistance.

9.04 Covenant Not to Compete. Executive agrees that, during the Restricted Period, he will not, without prior written consent of the Company, directly or indirectly (i) be employed or otherwise engaged by a Competitive Business within the Restricted Territory in a management, executive, director or consulting capacity, (ii) engage in Competitive Business within the Restricted Territory or (iii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in Competitive Business within the Restricted Territory. Executive acknowledges and agrees that the Company does business throughout the Restricted Territory, that Executive's duties concern the entire Restricted Territory and that the Restricted Territory is therefore reasonable.

9.05 Covenant Not To Induce. Executive covenants and agrees that during the Restricted Period, he will not, directly or indirectly, on his own behalf or in the service or on behalf of others, hire, solicit for other employment, take away or attempt to hire, solicit for other employment or take away any person who is or was an employee of the Company or any Affiliate during the one (1) year immediately preceding the conduct in question (if the conduct occurs while Executive is still employed by the Company) or the termination of Executive's employment (if the conduct occurs after Executive's termination), as applicable.

9.06 Return of Materials. Except in the course of Executive carrying out his duties hereunder: (i) Executive agrees that he will not retain, provide to others outside the Company damage or destroy (except as set forth below), and will immediately return to the Company on or prior to the termination of Executive's employment or at any other time the Company requests such return, any and all property of the Company that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company or any Affiliate or their business (regardless of form, but specifically including all electronic files and data of the Company and all Affiliates), together with all Confidential Information belonging to the Company or any Affiliate or that Executive received from or through his employment with the Company, and (ii) Executive will not make, distribute, or retain copies, portions, abstracts, summaries or other representations of any such information or property.

9.07 Remedies. Executive specifically acknowledges and agrees that the remedy at law for any breach of the Restrictive Covenants will be inadequate and that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Executive further agrees that in the event Executive breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently,

Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction. If permitted under applicable law, Executive understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. The Company and Executive understand and agree that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants, a court of competent jurisdiction shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party's reasonable attorneys' fees.

9.08 Severability and Modification of Covenants. Executive acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant and they are severable from one another. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and no other provisions of this Agreement shall be rendered invalid or unenforceable by such modification.

9.09 Ownership of Property. Executive agrees and acknowledges that all works of authorship and inventions, including but not limited to products, goods, know-how, Trade Secrets and Confidential Information, and any revisions thereof, in any form and in whatever stage of creation or development, arising out of or resulting from, or in connection with, the services provided by Executive to the Company or any Affiliate under this Agreement are works made for hire and shall be the sole and exclusive property of the Company or such Affiliate. Executive agrees to execute such documents as the Company may reasonably request for the purpose of effectuating the ownership and other rights of the Company or the Affiliate in any such property.

9.10 No Defense. The existence of any claim, demand, action or cause of action of Executive against the Company shall not constitute a defense to the enforcement by the Company of any of the covenants or agreements in this Section 9.

10. Mandatory Reduction of Payments in Certain Events.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then, prior to the making of any Payment to Executive, a calculation shall be made comparing (i) the net benefit to Executive of the Payment after payment of the Excise Tax, to (ii) the net benefit to Executive if the Payment had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payment shall be limited to the extent necessary to avoid being subject to the Excise Tax (the "Reduced Amount"). The reduction of the Payments

due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the “change in ownership or control” (as such term is used and defined in Section 280G of the Code), as determined by the Determination Firm (as defined in Section 10(b) below). For purposes of this Section 10, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 10, the “Parachute Value” of a Payment means the present value as of the date of the “change in ownership or control” of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) The determination of whether an Excise Tax would be imposed, the amount of such Excise Tax, and the calculation of the amounts referred to Section 10(a)(i) and (ii) above shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and Executive (the "Determination Firm") which shall provide detailed supporting calculations. Any determination by the Determination Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which Executive was entitled to, but did not receive pursuant to Section 10(a), could have been made without the imposition of the Excise Tax ("Underpayment"). In such event, the Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

## 11. Dispute Resolution.

11.01 Agreement to Arbitrate. In consideration for his continued employment with the Company, and other consideration, the sufficiency of which is hereby acknowledged, Executive acknowledges and agrees that any controversy or claim arising out of or relating to Executive’s employment, termination of employment, or this Agreement including, but not limited to, controversies and claims that are protected or covered by any federal, state, or local statute, regulation or common law, shall be settled by arbitration pursuant to the Federal Arbitration Act. This includes, but is not limited to, violations or alleged violations of any federal or state statute or common law (including, but not limited to, the laws of the United States or of any state, or the Constitution of the United States or of any state), or of any other law, statute, ordinance, including but not limited to, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Equal Pay Act, Executive Retirement Income Security Act of 1972, as amended, the Rehabilitation Act of 1973, and any other statute or common law. This provision shall not, however, preclude the Company from seeking equitable relief as provided in Section 9.07 above.

11.02 Procedure. The arbitration shall be conducted in accordance with the Employment Arbitration Rules of the American Arbitration Association (“AAA”). Executive and the Company shall attempt to agree upon a single arbitrator, either from a list provided by the AAA or otherwise. If the parties have not agreed upon a single arbitrator within thirty (30) days after filing of the demand for arbitration, each party shall, within fifteen (15) days thereafter, select an arbitrator and, thereafter, the two arbitrators shall select a third arbitrator from a list provided by the AAA and the three arbitrator panel shall resolve the dispute. The arbitration shall be initiated in Atlanta, Georgia, unless the parties agree in writing to a different location or the Arbitrator directs the arbitration to be held at a different location. Filing fees and all costs of the arbitrator panel shall be paid for by the Company. The arbitrator panel shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party’s reasonable attorneys’ fees. The

award rendered by the arbitrator shall be final and binding on the parties hereto and judgment thereon may be entered in any court having jurisdiction thereof. In addition to that provided for in the Employment Arbitration Rules, the arbitrator has sole discretion to permit discovery consistent with the Federal Rules of Civil Procedure and the judicial interpretation of those rules upon request by any party; provided, however, it is the intent of the parties that the arbitrator limit the time and scope of any such discovery to the greatest extent practicable and provide a decision as rapidly as possible given the circumstances of the claims to be determined. The arbitrator also shall have the power and authority to grant injunctive relief for any violation of Sections 9.02 through 9.04 and the arbitrator's order granting such relief may be entered in any court of competent jurisdiction. The agreement to arbitrate any claim arising out of the employment relationship or termination of employment shall not apply to those claims which cannot be made subject to this provision by statute, regulation or common law. These include, but are not limited to, any claims relating to work related injuries and claims for unemployment benefits under applicable state laws.

11.03 Rights of Parties. Nothing in this Section 11 shall be construed to prevent either party from asking a court of competent jurisdiction to enter appropriate equitable relief to enjoin any violation of this Agreement. Either party shall have the right to seek such relief in connection with or apart from the parties' rights under this Section 11 to arbitrate all disputes. With respect to disputes arising under this Agreement that are submitted to a court rather than an arbitrator, including actions to compel arbitration or for equitable relief in aid of arbitration, the parties agree that venue and jurisdiction are proper in any state or federal court lying within Atlanta, Georgia and specifically consent to the jurisdiction and venue of such court for the purpose of any proceedings contemplated by this paragraph. By entering into this Agreement the parties have expressly agreed to resolve any disputes covered by this Agreement through the arbitration process described herein.

12. Executive Acknowledgment.

By signing this Agreement, Executive acknowledges that the Company has advised Executive of his right to consult with an attorney prior to executing this Agreement; that he has the right to retain counsel of his own choosing concerning the agreement to arbitrate or any waiver of rights or claims; that he has read and fully understands the terms of this Agreement and/or has had the right to have it reviewed and approved by counsel of choice, with adequate opportunity and time for such review; and that he is fully aware of its contents and of its legal effect. Accordingly, this Agreement shall not be construed against any party on the grounds that the party drafted this Agreement. Instead, this Agreement shall be interpreted as though drafted equally by all parties.

13. Amendments.

This Agreement may not be altered, modified or amended except by a written instrument signed by each of the parties hereto.

14. Successors.

As used in this Agreement, the term the Company shall include any successors to all or substantially all of the business and/or assets of the Company which assumes and agrees to perform this Agreement.

15. Assignment.

Neither this Agreement nor any of the rights or obligations of either party hereunder shall be assigned or delegated by any party hereto without the prior written consent of the other party, except that the Company may without the consent of Executive assign its rights and delegate its duties hereunder to any successor to



the business of the Company. In the event of the assignment by the Company of its rights and the delegation of its duties to a successor to the business of the Company and the assumption of such rights and obligations by such successor, the Company shall, effective upon such assumption, be relieved from any and all obligations whatsoever to Executive hereunder. If a successor to the Company fails to assume this Agreement and the Company's obligations under this Agreement, then the Company shall not be relieved of its obligations to Executive hereunder.

16. Waiver.

Waiver by any party hereto of any breach or default by any other party of any of the terms of this Agreement shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived.

17. Severability.

In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

18. Survival.

Notwithstanding anything herein to the contrary, the provisions of Sections 7, 8, 9, 10, 11, 12 and 14 above and Sections 20, 22 and 23 below shall survive the termination of this Agreement.

19. Entire Terms.

This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings other than those expressly set forth herein. This Agreement supersedes all prior agreements, arrangements and understandings between the parties, whether oral or written, with respect to the employment of Executive.

20. Notices.

Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or if mailed in the manner herein specified, five (5) days after postmark of such mailing when mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive :

William P. Matt  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346

If to the Company to :

Popeyes Louisiana Kitchen, Inc.  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346  
Attn: General Counsel

or to such other address or such other person as Executive or the Company shall designate in writing in accordance with this Section 20 except that notices regarding changes in notices shall be effective only upon receipt.

21. Headings.

Headings to Sections in this Agreement are for the convenience of the parties only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

22. Governing Law; Forum.

The Agreement shall be governed by the laws of the State of Georgia without reference to the principles of conflict of laws. The parties agree that the exclusive forum for any action for injunctive relief relating to the Restrictive Covenants shall be the state or federal courts of the State of Georgia. If any provision of any agreement, plan, program, policy, arrangement or other written document between or relating to the Company and the Executive conflicts with any provision of this Agreement, the provision of this Agreement shall control and prevail.

23. Compliance with Section 409A of the Code.

23.01 In General. To the extent this Agreement is subject to Section 409A of the Code, the Company and Executive intend all payments under this Agreement to comply with the requirements of such section, and this Agreement shall, to the extent reasonably practicable, be operated and administered to effectuate such intent.

23.02 Six-Month Delay in Certain Circumstances. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” within the meaning of Section 409A of the Code (“Non-Exempt Deferred Compensation”) would otherwise be payable or distributable under this Agreement by reason of Executive’s Separation from Service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following Executive’s Separation from Service will be accumulated through and paid or provided on the first day of the seventh month following Executive’s Separation from Service (or, if Executive dies during such period, within 30 days after Executive’s death) (in either case, the “Required Delay Period”); and

(ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

For purposes of this Agreement, the term “Specified Employee” has the meaning given such term in Section 409A of the Code.

23.03 Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Executive’s execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after Executive’s Separation from Service; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, and if such 60-day period begins in one calendar year and ends in the next calendar year, the payment or benefit

shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year. In other words, Executive is not permitted to influence the calendar year of payment based on the timing of his signing of the release.

23.04 Timing of Reimbursements and In-kind Benefits. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, and such payments or reimbursements are includible in Executive's federal gross taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. Executive's rights to payment or reimbursement of expenses under this Agreement shall not be subject to liquidation or exchange for another benefit.

23.05 Treatment of Installment Payments. Each payment of termination benefits under Section 8 of this Agreement, including, without limitation, each payment or reimbursement of premiums for group medical, dental, vision and/or prescription drug plan benefits, shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

24. Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and Executive has hereunto set his hand as of the day and year first above written.

**COMPANY:**

**POPEYES LOUISIANA KITCHEN, INC.**

By: /s/ Cheryl A. Bachelder  
Cheryl A. Bachelder  
Chief Executive Officer

**EXECUTIVE:**

/s/ William P. Matt  
William P. Matt

**EMPLOYMENT AGREEMENT**  
**Effective as of May 24, 2016 between**  
**Popeyes Louisiana Kitchen, Inc. (the "Company") and**  
**Harold M. Cohen ("Executive")**

WHEREAS, the Company currently employs Executive under the terms and conditions of an employment agreement between the Company and Executive dated November 12, 2008 (the "Prior Employment Agreement"); and

WHEREAS, the Company and Executive desire to amend and restate the Prior Employment Agreement for the purpose of updating certain provisions to reflect current competitive pay practices (as so amended and restated herein, the "Agreement");

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Term of Agreement.

This Agreement shall be effective as of the date set forth above (the "Effective Date") and, unless earlier terminated pursuant to Section 8 below, shall continue through December 31, 2016 (the "Initial Term"). Beginning on December 31, 2016, and on each December 31 thereafter (each, a "Renewal Date"), Executive's employment hereunder will automatically be extended for an additional one-year period without further action by Executive or the Company. Such automatic one-year renewal shall continue from year to year unless and until either the Company or Executive gives to the other written notice not less than ninety (90) days prior to the applicable Renewal Date of its or his decision not to renew for an additional one year. The Initial Term and any renewal shall be referred to as the "Term."

2. Employment.

2.01 Position. Executive shall serve as General Counsel and Chief Administrative Officer of the Company, and shall perform such duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer of the Company ("CEO") or the Board of Directors of the Company (the "Board"). Executive shall perform his duties hereunder at the Company's corporate offices at 400 Perimeter Center Terrace, Suite 1000, Atlanta, Georgia, 30346, subject to such reasonable amount of travel as is necessary to render the services provided hereunder.

2.02 Time and Efforts. Executive, so long as he is employed hereunder, shall devote his full business time and attention to the services required of him hereunder, except as otherwise agreed and for vacation time and reasonable periods of absence due to sickness or personal injury, and shall use his best efforts, judgment and energy to perform and advance the business and interests of the Company in a manner consistent with the duties of his position. Notwithstanding anything contained in this Agreement to the contrary, nothing shall preclude Executive from (i) serving on the boards of directors of trade associations or charitable organizations; (ii) engaging in charitable activities and community affairs; (iii) serving on the boards of directors of other public and/or private companies with the prior written approval of the Board, which shall not be unreasonably withheld; or (iv) managing his personal investments and affairs, provided that the activities described in the preceding clauses (i) through (iv) do not materially interfere with the proper performance of his duties and responsibilities hereunder.

1. Base Salary.

Beginning on the date hereof, the Company shall pay Executive, in equal installments no less frequently than monthly, a base salary of \$361,000 per annum (the "Base Salary"), less all applicable withholdings, during the Term. Executive's Base Salary shall be reviewed by the People Services (Compensation) Committee of the Board (the "Compensation Committee") on an annual basis.

2. Incentive Pay.

4.01 Annual Cash Incentive Plan. The Compensation Committee, acting in its sole discretion, shall annually, at the beginning of each fiscal year of the Company, approve an annual cash incentive plan (the "Annual Cash Incentive Plan") for Executive, which Plan shall contain such terms and provisions as the Compensation Committee shall determine. The Annual Cash Incentive Plan shall set forth the specific financial and performance goals which must be achieved for Executive to be entitled to receive payment under such Annual Cash Incentive Plan. Any amounts payable to Executive pursuant to the Annual Cash Incentive Plan is hereinafter referred to as "Cash Incentive Pay."

4.02 Annual Target Cash Incentive Pay. The annual target Cash Incentive Pay ("Target Cash Incentive Pay") for Executive during each fiscal year of the Term shall be not less than 60% of Executive's current Base Salary, payable in accordance with the terms of the Annual Cash Incentive Plan. Executive's Target Cash Incentive Pay, as a percentage of Base Salary, shall be reviewed by the Compensation Committee on an annual basis.

4.03 Payment of Cash Incentive Pay. If Executive is entitled to payment of any Cash Incentive Pay for any fiscal year, payment will be made to Executive as set forth in the Annual Cash Incentive Plan, but in no event later than two and one-half months following the end of each fiscal year.

3. Equity Compensation.

As part of Executive's compensation, Executive may be granted stock options, restricted stock or other forms of equity compensation in the future based upon Executive's performance, as determined in the sole discretion of the Compensation Committee. Equity compensation payable to Executive shall be reviewed and approved by the Compensation Committee on an annual basis.

4. Executive Benefits.

6.01 Life Insurance. During the Term, Executive shall be entitled to term life insurance coverage paid by the Company with a death benefit in an amount not less than \$1,805,000 (the "Death Benefit"). The Death Benefit proceeds shall be payable solely under such life insurance policy and not by the Company.

6.02 Disability Insurance. During the Term, Executive shall be entitled to disability insurance coverage in accordance with the terms and conditions of the Company's disability program available to other senior officers.

6.03 Executive Medical Benefit. The Company, at its expense, shall provide Executive with an annual physical examination to be conducted by a physician or physicians as determined by Executive subject to the reasonable approval of the Company.

6.04 Other Benefits. Executive shall be provided additional employee benefits, in addition to those identified in Section 6.01 through 6.03 above, including, without limitation, participation in the Company's 401(k) plan, health, accident and disability insurance under the Company's regular and ongoing plans, policies and programs available, from time to time, to senior officers of the Company, in accordance with the provisions of such plans, policies and programs governing eligibility and participation; provided, however, that such benefits may be modified, amended or rescinded by the Compensation Committee or the Board subject to applicable law and the terms of such plans.

6.05 Vacation. Executive shall be entitled to four (4) weeks paid vacation and five (5) days of paid personal business time each year during the Term. Any vacation or personal business days not used in any year shall be subject to forfeiture or accrual pursuant to the Company's then-current vacation policy.

7. Business Expenses.

All reasonable and customary business expenses incurred by Executive in the performance of his duties hereunder during the Term shall be promptly paid or reimbursed by the Company in accordance with the Company's policies in effect, from time to time, and subject to Section 23.04 of this Agreement.

8. Termination of Employment.

8.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

The term "Cause" shall mean (i) Executive commits (as determined by the Board in good faith after giving Executive an opportunity to be heard), is convicted of or pleads guilty or nolo contendere (or any similar plea or admission) to, a felony, or any crime involving fraud, dishonesty, violence or moral turpitude, (ii) Executive, in carrying out his duties hereunder, has been guilty of gross neglect or willful misconduct resulting in harm or potential material harm to the Company or any of its subsidiaries or Affiliates, (iii) Executive willfully engages in dishonesty or other willful conduct that causes harm or has the potential to cause material harm to the reputation of the Company or any of its Affiliates, (iv) Executive's violation of any policy of the Company relating to equal employment opportunity, harassment, business conduct or conflict of interest, (v) Executive's use or sale of illegal drugs, abuse of other controlled substances, working under the influence of alcohol or other controlled substances, (vi) Executive shall have failed to materially comply with the policies of the Company or shall have refused to follow or materially comply with the duly promulgated, reasonable and lawful directives of the Board and such failure or refusal to comply continues for fifteen (15) days after written notice by the Company has been received by Executive, (vii) Executive has breached any of the provisions of Sections 9.02, 9.04 or 9.05 or (viii) Executive otherwise materially breaches a material term of this Agreement.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended, including all applicable Treasury regulations promulgated thereunder.

The term "Constructive Discharge" shall mean a Separation from Service by Executive on account of the following without his prior written consent: (i) a material diminution of his position, authority, responsibilities and/or duties; (ii) any material reduction in Executive's then-current Base Salary or Target Cash Incentive Pay; (iii) the failure of a successor to the Company (whether through an asset sale or other sale of all or substantially all of the Company through which assumption of this Agreement would be required for it to remain in force after consummation of the sale) to assume this Agreement and

the Company's obligations under this Agreement; (iv) a material breach of any material term of this Agreement by the Company; or (v) the Company's delivery of a notice indicating its decision not to renew the Term of this Agreement pursuant to Section 1 of this Agreement; provided, however, that no Separation from Service by Executive shall be considered a Constructive Discharge unless, within ninety (90) days of the initial existence of such diminution or change or other event constituting a Constructive Discharge, Executive has first provided written notice to the Company's Chairman of the Board of the factual circumstances forming the basis for the claim of constructive discharge and of his intent to treat those circumstances as a Constructive Discharge under this Agreement, and the Company has not cured such alleged breach within a period of thirty (30) days after actual receipt of the written notice by the Chairman of the Board. It is intended by the parties that a Constructive Discharge shall constitute an "involuntary separation from service" within the meaning of Treas. Reg. §1.409A-1(n).

The term "Disability" shall mean that Executive has failed to or has been unable to, or that a physician has determined that Executive is, has been or will be, unable to substantially perform his duties as the result of any physical or mental disability for a period of one hundred and eighty (180) days (whether or not consecutive) during any twelve (12) month period.

The term "Separation from Service" shall mean a "separation from service" with the Company within the meaning of Section 409A of the Code.

8.02 Termination upon Death or Disability. If Executive has a Separation from Service due to his death or Disability, the Company shall pay to the estate of Executive or to Executive, as the case may be, within fifteen (15) days following Executive's Separation from Service due to death or Disability, all amounts then payable to Executive pro-rated through the date of Executive's Separation from Service pursuant to Section 3, the amount of any earned but unpaid Cash Incentive Pay pursuant to Section 4.02 above, the amount of any accrued but unused vacation under Section 6.05 above for the year in which the Separation from Service occurs and any reimbursable amounts owed to Executive under Section 7 above (the "Accrued Obligations"). In addition, contingent upon Executive (or in the case of Executive's death, Executive's estate) executing and not revoking a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company, the Company shall pay to Executive (or in the case of Executive's death, Executive's estate), at the time contemplated by the Annual Cash Incentive Plan, such Cash Incentive Pay, if any, to which he would have been entitled under the terms of the Annual Cash Incentive Plan had Executive remained in the employ of the Company for the entire fiscal year in which such termination occurs. Further, all outstanding equity rights held by Executive (including without limitation stock options, restricted stock, restricted stock units and other time-based equity rights) shall become vested on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service. Any stock options and other awards in the nature of rights that may be exercised that are vested or become vested pursuant to the preceding sentence shall expire on the earlier of (i) the one-year anniversary of Executive's Separation from Service, or (ii) their regular termination date. Performance-based equity awards shall be earned on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service, based on an assumed level of performance at target level, and shall be paid within thirty (30) days of Executive's Separation from Service.

8.03 Termination by the Company without Cause or Executive's Resignation for a Constructive Discharge. The Company may terminate Executive's employment under this Agreement without Cause at any time, upon written notice to Executive. If Executive has a Separation from Service as a result of a termination without Cause (other than a Separation of Service described in Section 8.02 above) or as a result of his resignation because he has experienced a Constructive Discharge, the Company shall pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service. In addition, contingent upon Executive's executing and not revoking a separation agreement, including a general release

of claims, in form and substance reasonably acceptable to the Company, and otherwise complying with the condition precedent described below, the Company shall pay or provide to Executive, in lieu of all other amounts payable hereunder or benefits to be provided hereunder, the following severance amounts and benefits, subject to applicable tax withholding: (a) a payment equal to the sum of (x) and (y) where (x) is two (2.0) times Executive's Base Salary at the time of the Separation from Service, and (y) is two (2.0) times Executive's Target Cash Incentive Pay for the year in which the Separation from Service occurs; and (b) the acceleration of any unvested equity rights held by Executive, as follows: (i) outstanding stock options and other awards in the nature of rights that may be exercised shall become fully vested and exercisable, (ii) time-based restrictions on restricted stock, restricted stock units and other equity awards shall lapse and the awards shall become fully vested, and (iii) performance-based equity awards shall remain outstanding and shall be earned, if at all, based on actual performance through the end of the performance period, prorated to reflect the portion of the performance period that had elapsed prior to Executive's Separation from Service. It is intended by the parties that the severance amounts and benefits described above shall constitute a short-term deferral under Treas. Reg. §1.409A-1(b)(4).

Additionally, if Executive elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Executive and/or Executive's eligible dependents would be entitled under Section 4980B of the Code (COBRA), and otherwise remains eligible for such continuation, then for a period not to exceed twelve (12) months, the Company shall pay the excess of (i) the COBRA cost of such coverage over (ii) the amount that Executive would have had to pay for such coverage if he had remained employed during such period and paid the active employee rate for such coverage, provided, however, that if Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law.

As a condition precedent to the requirement of the Company to make such payments (other than the Accrued Obligations) or grant such accelerated vesting, Executive shall not be in breach of his obligations under Section 9 below and Executive shall have executed, delivered and not revoked a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company.

Any payment (other than the COBRA payments) required to be made under this Section 8.03 shall be made to Executive in a lump sum in cash within 60 days after the date of his Separation from Service; provided, however, that no payment shall be due until at least eight (8) days after Executive has executed and delivered to the Company the separation agreement described above.

8.04 Voluntary Termination by Executive or Termination for Cause. Executive may resign his employment hereunder for any reason and at any time, upon thirty (30) days prior written notice to the Company, and such resignation shall not be a breach of this Agreement. The Company may terminate Executive's employment hereunder at any time for Cause, as determined by the Board acting reasonably and in good faith. In the event Executive has a Separation from Service as a result of his resignation (other than as a result of a Constructive Discharge) or as a result of a termination by the Company for Cause, the Company shall (i) pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service and (ii) be under no obligation to make severance payments to Executive or continue any benefits being provided to Executive beyond the date of Executive's Separation from Service other than benefits to which Executive may be entitled as a result of Federal or state law.

8.05 No Mitigation. In the event of any termination of Executive's employment under this Section 8, Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due to Executive under this Agreement on account of any compensation attributable to any



subsequent employment that he may obtain except as specifically provided in this Section 8. Notwithstanding anything contained in this Agreement to the contrary, the payments and benefits set forth in this Section 8 shall be provided to Executive in lieu of any benefits to which Executive may be entitled to receive under any other severance or change-in-control plan, program, policy or arrangement of the Company.

9. Confidentiality and Non-Competition.

9.01 Definitions. For purposes of this Section 9, the following terms shall have the following meanings:

“Affiliate” means any corporation, limited liability company, partnership or other entity of which the Company owns at least fifty percent (50%) of the outstanding equity and voting rights, directly or indirectly, through any other corporation, limited liability company, partnership or other entity.

“Businesses” means the businesses engaged in by the Company directly or through its Affiliates immediately prior to termination of employment.

“Competitive Business” means the business of owning, operating, and/or franchising quick-service restaurants specializing primarily in the sale of chicken as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company or any of its Affiliates as of the termination of Executive’s employment with the Company, or during the two (2) years immediately prior the termination of Executive’s employment with the Company. For the avoidance of doubt, a Competitive Business that specializes primarily in the sale of chicken includes, without limitation, KFC Corporation, Church’s Chicken, Bojangles’, Zaxby’s, Chick-fil-A, Raising Cane’s, Nando’s, Wingstop and WingStreet.

“Confidential Information” means any and all data and information relating to the Company (including any Affiliates), its activities, business, or clients that (i) is disclosed to Executive or of which Executive becomes aware as a consequence of his employment with the Company; (ii) has value to the Company or any Affiliate; and (iii) is not generally known outside of the Company or any Affiliate. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning the Company or any Affiliate: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of the Company or any Affiliate, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of the Company or any Affiliate. In addition to data and information relating to the Company and its Affiliates, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company or any Affiliate by such third party, and that the Company or such Affiliate has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law.

“Restricted Period” means the period commencing as of the date hereof and ending on the date one (1) year after the termination of Executive’s employment with the Company for any reason, whether voluntary or involuntary.

“Restricted Territory” means the territory as to which Executive provides services for the Company or its Affiliates, which extends to the area in which the Company or its Affiliates conduct the Competitive Business as of the date of Executive’s Separation from Service.

“Restrictive Covenants” means the obligations contained in Sections 9.02 through 9.06 below.

9.02 Covenant Not to Use or Disclose Confidential Information. The Company and Executive recognize that, during the course of Executive’s employment with the Company, the Company has disclosed and will continue to disclose to Executive Confidential Information concerning the Company and the Affiliates, their products, their franchisees, their services and other matters concerning their Businesses, all of which constitute valuable assets of the Company and the Affiliates. The Company and Executive further acknowledge that the Company has, and will, invest considerable amounts of time, effort and corporate resources in developing such valuable assets and that disclosure by Executive of such assets to the public shall cause irreparable harm, damage and loss to the Company and the Affiliates. Accordingly, Executive acknowledges and agrees, except as may be required otherwise by law:

- (a) that the Confidential Information is and shall remain the exclusive property of the Company (or the applicable Affiliate);
- (b) to use the Confidential Information exclusively for the purpose of fulfilling the obligations under this Agreement;
- (c) to hold the Confidential Information in confidence and not copy, publish or disclose to others or allow any other party to copy, publish or disclose to others in any form, any Confidential Information without the prior written approval of an authorized representative of the Company; and
- (d) not to use any Confidential Information for the benefit of anyone other than the Company

Notwithstanding anything contained in this Agreement to the contrary, Executive may use or disclose Confidential Information (i) as such use or disclosure may be required or appropriate to fulfill his duties for the benefit of the Company as an employee of the Company, (ii) when required to do so by a court of law, by a governmental agency having regulatory authority over the Company and the authority to order such use or disclosure, (iii) to the extent that such Confidential Information becomes generally known to the public or trade through the act of one who has the authority to disclose such information without violating any right or privilege of the Company or any of its Affiliates, or (iv) with respect to disclosure of information involving Executive’s compensation, to Executive’s spouse, attorney and/or personal tax or financial advisor, provided, however, that any disclosure or use of such Confidential Information by any such person (except to complete Executive’s personal tax, legal or financial planning) shall be deemed to be a breach of this Section 9.02 by Executive.

These obligations shall remain in effect for as long as the information or materials in question retain their status as Confidential Information.

The confidentiality, property, and proprietary rights protections available in this Agreement are in addition to, and not exclusive of, any and all other corporate rights, including those provided under copyright, corporate officer or director fiduciary duties, and trade secret and confidential information laws.

Notwithstanding anything contained herein to the contrary, Executive shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive.

9.03 Cooperation. Executive agrees to cooperate with the Related Parties, with no compensation beyond compensation to which he is otherwise entitled pursuant to this Agreement, in any litigation or administrative proceedings involving any matters with which Executive was involved during Executive's employment with the Company. The Company shall request such assistance in a reasonable manner so as to not unreasonably interfere with Executive's business and personal schedules and shall reimburse Executive for reasonable expenses reasonably incurred by Executive in providing such assistance.

9.04 Covenant Not to Compete. Executive agrees that, during the Restricted Period, he will not, without prior written consent of the Company, directly or indirectly (i) be employed or otherwise engaged by a Competitive Business within the Restricted Territory in a management, executive, director or consulting capacity, (ii) engage in Competitive Business within the Restricted Territory or (iii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in Competitive Business within the Restricted Territory. Executive acknowledges and agrees that the Company does business throughout the Restricted Territory, that Executive's duties concern the entire Restricted Territory and that the Restricted Territory is therefore reasonable.

9.05 Covenant Not To Induce. Executive covenants and agrees that during the Restricted Period, he will not, directly or indirectly, on his own behalf or in the service or on behalf of others, hire, solicit for other employment, take away or attempt to hire, solicit for other employment or take away any person who is or was an employee of the Company or any Affiliate during the one (1) year immediately preceding the conduct in question (if the conduct occurs while Executive is still employed by the Company) or the termination of Executive's employment (if the conduct occurs after Executive's termination), as applicable.

9.06 Return of Materials. Except in the course of Executive carrying out his duties hereunder: (i) Executive agrees that he will not retain, provide to others outside the Company damage or destroy (except as set forth below), and will immediately return to the Company on or prior to the termination of Executive's employment or at any other time the Company requests such return, any and all property of the Company that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company or any Affiliate or their business (regardless of form, but specifically including all electronic files and data of the Company and all Affiliates), together with all Confidential Information belonging to the Company or any Affiliate or that Executive received from or through his employment with the Company, and (ii) Executive will not make, distribute, or retain copies, portions, abstracts, summaries or other representations of any such information or property.

9.07 Remedies. Executive specifically acknowledges and agrees that the remedy at law for any breach of the Restrictive Covenants will be inadequate and that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Executive further agrees that in the event Executive breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently,

Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction. If permitted under applicable law, Executive understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. The Company and Executive understand and agree that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants, a court of competent jurisdiction shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party's reasonable attorneys' fees.

9.08 Severability and Modification of Covenants. Executive acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant and they are severable from one another. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and no other provisions of this Agreement shall be rendered invalid or unenforceable by such modification.

9.09 Ownership of Property. Executive agrees and acknowledges that all works of authorship and inventions, including but not limited to products, goods, know-how, Trade Secrets and Confidential Information, and any revisions thereof, in any form and in whatever stage of creation or development, arising out of or resulting from, or in connection with, the services provided by Executive to the Company or any Affiliate under this Agreement are works made for hire and shall be the sole and exclusive property of the Company or such Affiliate. Executive agrees to execute such documents as the Company may reasonably request for the purpose of effectuating the ownership and other rights of the Company or the Affiliate in any such property.

9.10 No Defense. The existence of any claim, demand, action or cause of action of Executive against the Company shall not constitute a defense to the enforcement by the Company of any of the covenants or agreements in this Section 9.

10. Mandatory Reduction of Payments in Certain Events.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then, prior to the making of any Payment to Executive, a calculation shall be made comparing (i) the net benefit to Executive of the Payment after payment of the Excise Tax, to (ii) the net benefit to Executive if the Payment had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payment shall be limited to the extent necessary to avoid being subject to the Excise Tax (the "Reduced Amount"). The reduction of the Payments

due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the “change in ownership or control” (as such term is used and defined in Section 280G of the Code), as determined by the Determination Firm (as defined in Section 10(b) below). For purposes of this Section 10, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 10, the “Parachute Value” of a Payment means the present value as of the date of the “change in ownership or control” of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) The determination of whether an Excise Tax would be imposed, the amount of such Excise Tax, and the calculation of the amounts referred to Section 10(a)(i) and (ii) above shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and Executive (the "Determination Firm") which shall provide detailed supporting calculations. Any determination by the Determination Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which Executive was entitled to, but did not receive pursuant to Section 10(a), could have been made without the imposition of the Excise Tax ("Underpayment"). In such event, the Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

## 11. Dispute Resolution.

11.01 Agreement to Arbitrate. In consideration for his continued employment with the Company, and other consideration, the sufficiency of which is hereby acknowledged, Executive acknowledges and agrees that any controversy or claim arising out of or relating to Executive’s employment, termination of employment, or this Agreement including, but not limited to, controversies and claims that are protected or covered by any federal, state, or local statute, regulation or common law, shall be settled by arbitration pursuant to the Federal Arbitration Act. This includes, but is not limited to, violations or alleged violations of any federal or state statute or common law (including, but not limited to, the laws of the United States or of any state, or the Constitution of the United States or of any state), or of any other law, statute, ordinance, including but not limited to, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Equal Pay Act, Executive Retirement Income Security Act of 1972, as amended, the Rehabilitation Act of 1973, and any other statute or common law. This provision shall not, however, preclude the Company from seeking equitable relief as provided in Section 9.07 above.

11.02 Procedure. The arbitration shall be conducted in accordance with the Employment Arbitration Rules of the American Arbitration Association (“AAA”). Executive and the Company shall attempt to agree upon a single arbitrator, either from a list provided by the AAA or otherwise. If the parties have not agreed upon a single arbitrator within thirty (30) days after filing of the demand for arbitration, each party shall, within fifteen (15) days thereafter, select an arbitrator and, thereafter, the two arbitrators shall select a third arbitrator from a list provided by the AAA and the three arbitrator panel shall resolve the dispute. The arbitration shall be initiated in Atlanta, Georgia, unless the parties agree in writing to a different location or the Arbitrator directs the arbitration to be held at a different location. Filing fees and all costs of the arbitrator panel shall be paid for by the Company. The arbitrator panel shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party’s reasonable attorneys’ fees. The

award rendered by the arbitrator shall be final and binding on the parties hereto and judgment thereon may be entered in any court having jurisdiction thereof. In addition to that provided for in the Employment Arbitration Rules, the arbitrator has sole discretion to permit discovery consistent with the Federal Rules of Civil Procedure and the judicial interpretation of those rules upon request by any party; provided, however, it is the intent of the parties that the arbitrator limit the time and scope of any such discovery to the greatest extent practicable and provide a decision as rapidly as possible given the circumstances of the claims to be determined. The arbitrator also shall have the power and authority to grant injunctive relief for any violation of Sections 9.02 through 9.04 and the arbitrator's order granting such relief may be entered in any court of competent jurisdiction. The agreement to arbitrate any claim arising out of the employment relationship or termination of employment shall not apply to those claims which cannot be made subject to this provision by statute, regulation or common law. These include, but are not limited to, any claims relating to work related injuries and claims for unemployment benefits under applicable state laws.

11.03 Rights of Parties. Nothing in this Section 11 shall be construed to prevent either party from asking a court of competent jurisdiction to enter appropriate equitable relief to enjoin any violation of this Agreement. Either party shall have the right to seek such relief in connection with or apart from the parties' rights under this Section 11 to arbitrate all disputes. With respect to disputes arising under this Agreement that are submitted to a court rather than an arbitrator, including actions to compel arbitration or for equitable relief in aid of arbitration, the parties agree that venue and jurisdiction are proper in any state or federal court lying within Atlanta, Georgia and specifically consent to the jurisdiction and venue of such court for the purpose of any proceedings contemplated by this paragraph. By entering into this Agreement the parties have expressly agreed to resolve any disputes covered by this Agreement through the arbitration process described herein.

12. Executive Acknowledgment.

By signing this Agreement, Executive acknowledges that the Company has advised Executive of his right to consult with an attorney prior to executing this Agreement; that he has the right to retain counsel of his own choosing concerning the agreement to arbitrate or any waiver of rights or claims; that he has read and fully understands the terms of this Agreement and/or has had the right to have it reviewed and approved by counsel of choice, with adequate opportunity and time for such review; and that he is fully aware of its contents and of its legal effect. Accordingly, this Agreement shall not be construed against any party on the grounds that the party drafted this Agreement. Instead, this Agreement shall be interpreted as though drafted equally by all parties.

13. Amendments.

This Agreement may not be altered, modified or amended except by a written instrument signed by each of the parties hereto.

14. Successors.

As used in this Agreement, the term the Company shall include any successors to all or substantially all of the business and/or assets of the Company which assumes and agrees to perform this Agreement.

15. Assignment.

Neither this Agreement nor any of the rights or obligations of either party hereunder shall be assigned or delegated by any party hereto without the prior written consent of the other party, except that the Company may without the consent of Executive assign its rights and delegate its duties hereunder to any successor to

the business of the Company. In the event of the assignment by the Company of its rights and the delegation of its duties to a successor to the business of the Company and the assumption of such rights and obligations by such successor, the Company shall, effective upon such assumption, be relieved from any and all obligations whatsoever to Executive hereunder. If a successor to the Company fails to assume this Agreement and the Company's obligations under this Agreement, then the Company shall not be relieved of its obligations to Executive hereunder.

16. Waiver.

Waiver by any party hereto of any breach or default by any other party of any of the terms of this Agreement shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived.

17. Severability.

In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

18. Survival.

Notwithstanding anything herein to the contrary, the provisions of Sections 7, 8, 9, 10, 11, 12 and 14 above and Sections 20, 22 and 23 below shall survive the termination of this Agreement.

19. Entire Terms.

This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings other than those expressly set forth herein. This Agreement supersedes all prior agreements, arrangements and understandings between the parties, whether oral or written, with respect to the employment of Executive.

20. Notices.

Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or if mailed in the manner herein specified, five (5) days after postmark of such mailing when mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive :

Harold M. Cohen  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346

If to the Company to :

Popeyes Louisiana Kitchen, Inc.  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346  
Attn: General Counsel

or to such other address or such other person as Executive or the Company shall designate in writing in accordance with this Section 20 except that notices regarding changes in notices shall be effective only upon receipt.

21. Headings.

Headings to Sections in this Agreement are for the convenience of the parties only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

22. Governing Law; Forum.

The Agreement shall be governed by the laws of the State of Georgia without reference to the principles of conflict of laws. The parties agree that the exclusive forum for any action for injunctive relief relating to the Restrictive Covenants shall be the state or federal courts of the State of Georgia. If any provision of any agreement, plan, program, policy, arrangement or other written document between or relating to the Company and the Executive conflicts with any provision of this Agreement, the provision of this Agreement shall control and prevail.

23. Compliance with Section 409A of the Code.

23.01 In General. To the extent this Agreement is subject to Section 409A of the Code, the Company and Executive intend all payments under this Agreement to comply with the requirements of such section, and this Agreement shall, to the extent reasonably practicable, be operated and administered to effectuate such intent.

23.02 Six-Month Delay in Certain Circumstances. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” within the meaning of Section 409A of the Code (“Non-Exempt Deferred Compensation”) would otherwise be payable or distributable under this Agreement by reason of Executive’s Separation from Service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following Executive’s Separation from Service will be accumulated through and paid or provided on the first day of the seventh month following Executive’s Separation from Service (or, if Executive dies during such period, within 30 days after Executive’s death) (in either case, the “Required Delay Period”); and

(ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

For purposes of this Agreement, the term “Specified Employee” has the meaning given such term in Section 409A of the Code.

23.03 Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Executive’s execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after Executive’s Separation from Service; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, and if such 60-day period begins in one calendar year and ends in the next calendar year, the payment or benefit



shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year. In other words, Executive is not permitted to influence the calendar year of payment based on the timing of his signing of the release.

23.04 Timing of Reimbursements and In-kind Benefits. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, and such payments or reimbursements are includible in Executive's federal gross taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. Executive's rights to payment or reimbursement of expenses under this Agreement shall not be subject to liquidation or exchange for another benefit.

23.05 Treatment of Installment Payments. Each payment of termination benefits under Section 8 of this Agreement, including, without limitation, each payment or reimbursement of premiums for group medical, dental, vision and/or prescription drug plan benefits, shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

24. Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and Executive has hereunto set his hand as of the day and year first above written.

**COMPANY:**

**POPEYES LOUISIANA KITCHEN, INC.**

By: /s/ Cheryl A. Bachelder  
Cheryl A. Bachelder  
Chief Executive Officer

**EXECUTIVE:**

/s/ Harold M. Cohen  
Harold M. Cohen

**EMPLOYMENT AGREEMENT**  
**Effective as of May 24, 2016 between**  
**Popeyes Louisiana Kitchen, Inc. (the "Company") and**  
**John K. Merkin ("Executive")**

WHEREAS, the Company currently employs Executive under the terms and conditions of an employment agreement between the Company and Executive dated March 13, 2015 (the "Prior Employment Agreement"); and

WHEREAS, the Company and Executive desire to amend and restate the Prior Employment Agreement for the purpose of updating certain provisions to reflect current competitive pay practices (as so amended and restated herein, the "Agreement");

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Term of Agreement.

This Agreement shall be effective as of the date set forth above (the "Effective Date") and, unless earlier terminated pursuant to Section 8 below, shall continue through December 31, 2016 (the "Initial Term"). Beginning on December 31, 2016, and on each December 31 thereafter (each, a "Renewal Date"), Executive's employment hereunder will automatically be extended for an additional one-year period without further action by Executive or the Company. Such automatic one-year renewal shall continue from year to year unless and until either the Company or Executive gives to the other written notice not less than ninety (90) days prior to the applicable Renewal Date of its or his decision not to renew for an additional one year. The Initial Term and any renewal shall be referred to as the "Term."

2. Employment.

2.01 Position. Executive shall serve as Chief Operating Officer, U.S. of the Company, and shall perform such duties consistent with his position as may be assigned to him from time to time by the Chief Executive Officer of the Company ("CEO") or the Board of Directors of the Company (the "Board"). Executive shall perform his duties hereunder at the Company's corporate offices at 400 Perimeter Center Terrace, Suite 1000, Atlanta, Georgia, 30346, subject to such reasonable amount of travel as is necessary to render the services provided hereunder.

2.02 Time and Efforts. Executive, so long as he is employed hereunder, shall devote his full business time and attention to the services required of him hereunder, except as otherwise agreed and for vacation time and reasonable periods of absence due to sickness or personal injury, and shall use his best efforts, judgment and energy to perform and advance the business and interests of the Company in a manner consistent with the duties of his position. Notwithstanding anything contained in this Agreement to the contrary, nothing shall preclude Executive from (i) serving on the boards of directors of trade associations or charitable organizations; (ii) engaging in charitable activities and community affairs; (iii) serving on the boards of directors of other public and/or private companies with the prior written approval of the Board, which shall not be unreasonably withheld; or (iv) managing his personal investments and affairs, provided that the activities described in the preceding clauses (i) through (iv) do not materially interfere with the proper performance of his duties and responsibilities hereunder.

1. Base Salary.

Beginning on the date hereof, the Company shall pay Executive, in equal installments no less frequently than monthly, a base salary of \$412,000 per annum (the "Base Salary"), less all applicable withholdings, during the Term. Executive's Base Salary shall be reviewed by the People Services (Compensation) Committee of the Board (the "Compensation Committee") on an annual basis.

2. Incentive Pay.

4.01 Annual Cash Incentive Plan. The Compensation Committee, acting in its sole discretion, shall annually, at the beginning of each fiscal year of the Company, approve an annual cash incentive plan (the "Annual Cash Incentive Plan") for Executive, which Plan shall contain such terms and provisions as the Compensation Committee shall determine. The Annual Cash Incentive Plan shall set forth the specific financial and performance goals which must be achieved for Executive to be entitled to receive payment under such Annual Cash Incentive Plan. Any amounts payable to Executive pursuant to the Annual Cash Incentive Plan is hereinafter referred to as "Cash Incentive Pay."

4.02 Annual Target Cash Incentive Pay. The annual target Cash Incentive Pay ("Target Cash Incentive Pay") for Executive during each fiscal year of the Term shall be not less than 60% of Executive's current Base Salary, payable in accordance with the terms of the Annual Cash Incentive Plan. Executive's Target Cash Incentive Pay, as a percentage of Base Salary, shall be reviewed by the Compensation Committee on an annual basis.

4.03 Payment of Cash Incentive Pay. If Executive is entitled to payment of any Cash Incentive Pay for any fiscal year, payment will be made to Executive as set forth in the Annual Cash Incentive Plan, but in no event later than two and one-half months following the end of each fiscal year.

3. Equity Compensation.

As part of Executive's compensation, Executive may be granted stock options, restricted stock or other forms of equity compensation in the future based upon Executive's performance, as determined in the sole discretion of the Compensation Committee. Equity compensation payable to Executive shall be reviewed and approved by the Compensation Committee on an annual basis.

4. Executive Benefits.

6.01 Life Insurance. During the Term, Executive shall be entitled to term life insurance coverage paid by the Company with a death benefit in an amount not less than \$2,060,000 (the "Death Benefit"). The Death Benefit proceeds shall be payable solely under such life insurance policy and not by the Company.

6.02 Disability Insurance. During the Term, Executive shall be entitled to disability insurance coverage in accordance with the terms and conditions of the Company's disability program available to other senior officers.

6.03 Executive Medical Benefit. The Company, at its expense, shall provide Executive with an annual physical examination to be conducted by a physician or physicians as determined by Executive subject to the reasonable approval of the Company.

6.04 Other Benefits. Executive shall be provided additional employee benefits, in addition to those identified in Section 6.01 through 6.03 above, including, without limitation, participation in the Company's 401(k) plan, health, accident and disability insurance under the Company's regular and ongoing plans, policies and programs available, from time to time, to senior officers of the Company, in accordance with the provisions of such plans, policies and programs governing eligibility and participation; provided, however, that such benefits may be modified, amended or rescinded by the Compensation Committee or the Board subject to applicable law and the terms of such plans.

6.05 Vacation. Executive shall be entitled to four (4) weeks paid vacation and five (5) days of paid personal business time each year during the Term. Any vacation or personal business days not used in any year shall be subject to forfeiture or accrual pursuant to the Company's then-current vacation policy.

7. Business Expenses.

All reasonable and customary business expenses incurred by Executive in the performance of his duties hereunder during the Term shall be promptly paid or reimbursed by the Company in accordance with the Company's policies in effect, from time to time, and subject to Section 23.04 of this Agreement.

8. Termination of Employment.

8.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

The term "Cause" shall mean (i) Executive commits (as determined by the Board in good faith after giving Executive an opportunity to be heard), is convicted of or pleads guilty or nolo contendere (or any similar plea or admission) to, a felony, or any crime involving fraud, dishonesty, violence or moral turpitude, (ii) Executive, in carrying out his duties hereunder, has been guilty of gross neglect or willful misconduct resulting in harm or potential material harm to the Company or any of its subsidiaries or Affiliates, (iii) Executive willfully engages in dishonesty or other willful conduct that causes harm or has the potential to cause material harm to the reputation of the Company or any of its Affiliates, (iv) Executive's violation of any policy of the Company relating to equal employment opportunity, harassment, business conduct or conflict of interest, (v) Executive's use or sale of illegal drugs, abuse of other controlled substances, working under the influence of alcohol or other controlled substances, (vi) Executive shall have failed to materially comply with the policies of the Company or shall have refused to follow or materially comply with the duly promulgated, reasonable and lawful directives of the Board and such failure or refusal to comply continues for fifteen (15) days after written notice by the Company has been received by Executive, (vii) Executive has breached any of the provisions of Sections 9.02, 9.04 or 9.05 or (viii) Executive otherwise materially breaches a material term of this Agreement.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended, including all applicable Treasury regulations promulgated thereunder.

The term "Constructive Discharge" shall mean a Separation from Service by Executive on account of the following without his prior written consent: (i) a material diminution of his position, authority, responsibilities and/or duties; (ii) any material reduction in Executive's then-current Base Salary or Target Cash Incentive Pay; (iii) the failure of a successor to the Company (whether through an asset sale or other sale of all or substantially all of the Company through which assumption of this Agreement would be required for it to remain in force after consummation of the sale) to assume this Agreement and

the Company's obligations under this Agreement; (iv) a material breach of any material term of this Agreement by the Company; or (v) the Company's delivery of a notice indicating its decision not to renew the Term of this Agreement pursuant to Section 1 of this Agreement; provided, however, that no Separation from Service by Executive shall be considered a Constructive Discharge unless, within ninety (90) days of the initial existence of such diminution or change or other event constituting a Constructive Discharge, Executive has first provided written notice to the Company's Chairman of the Board of the factual circumstances forming the basis for the claim of constructive discharge and of his intent to treat those circumstances as a Constructive Discharge under this Agreement, and the Company has not cured such alleged breach within a period of thirty (30) days after actual receipt of the written notice by the Chairman of the Board. It is intended by the parties that a Constructive Discharge shall constitute an "involuntary separation from service" within the meaning of Treas. Reg. §1.409A-1(n).

The term "Disability" shall mean that Executive has failed to or has been unable to, or that a physician has determined that Executive is, has been or will be, unable to substantially perform his duties as the result of any physical or mental disability for a period of one hundred and eighty (180) days (whether or not consecutive) during any twelve (12) month period.

The term "Separation from Service" shall mean a "separation from service" with the Company within the meaning of Section 409A of the Code.

8.02 Termination upon Death or Disability. If Executive has a Separation from Service due to his death or Disability, the Company shall pay to the estate of Executive or to Executive, as the case may be, within fifteen (15) days following Executive's Separation from Service due to death or Disability, all amounts then payable to Executive pro-rated through the date of Executive's Separation from Service pursuant to Section 3, the amount of any earned but unpaid Cash Incentive Pay pursuant to Section 4.02 above, the amount of any accrued but unused vacation under Section 6.05 above for the year in which the Separation from Service occurs and any reimbursable amounts owed to Executive under Section 7 above (the "Accrued Obligations"). In addition, contingent upon Executive (or in the case of Executive's death, Executive's estate) executing and not revoking a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company, the Company shall pay to Executive (or in the case of Executive's death, Executive's estate), at the time contemplated by the Annual Cash Incentive Plan, such Cash Incentive Pay, if any, to which he would have been entitled under the terms of the Annual Cash Incentive Plan had Executive remained in the employ of the Company for the entire fiscal year in which such termination occurs. Further, all outstanding equity rights held by Executive (including without limitation stock options, restricted stock, restricted stock units and other time-based equity rights) shall become vested on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service. Any stock options and other awards in the nature of rights that may be exercised that are vested or become vested pursuant to the preceding sentence shall expire on the earlier of (i) the one-year anniversary of Executive's Separation from Service, or (ii) their regular termination date. Performance-based equity awards shall be earned on a pro rata basis to reflect the portion of the vesting period that had elapsed prior to Executive's Separation from Service, based on an assumed level of performance at target level, and shall be paid within thirty (30) days of Executive's Separation from Service.

8.03 Termination by the Company without Cause or Executive's Resignation for a Constructive Discharge. The Company may terminate Executive's employment under this Agreement without Cause at any time, upon written notice to Executive. If Executive has a Separation from Service as a result of a termination without Cause (other than a Separation of Service described in Section 8.02 above) or as a result of his resignation because he has experienced a Constructive Discharge, the Company shall pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service. In addition, contingent upon Executive's executing and not revoking a separation agreement, including a general release

of claims, in form and substance reasonably acceptable to the Company, and otherwise complying with the condition precedent described below, the Company shall pay or provide to Executive, in lieu of all other amounts payable hereunder or benefits to be provided hereunder, the following severance amounts and benefits, subject to applicable tax withholding: (a) a payment equal to the sum of (x) and (y) where (x) is one (1.0) times Executive's Base Salary at the time of the Separation from Service, and (y) is one (1.0) times Executive's Target Cash Incentive Pay for the year in which the Separation from Service occurs; and (b) the acceleration of any unvested equity rights held by Executive, as follows: (i) outstanding stock options and other awards in the nature of rights that may be exercised shall become fully vested and exercisable, (ii) time-based restrictions on restricted stock, restricted stock units and other equity awards shall lapse and the awards shall become fully vested, and (iii) performance-based equity awards shall remain outstanding and shall be earned, if at all, based on actual performance through the end of the performance period, prorated to reflect the portion of the performance period that had elapsed prior to Executive's Separation from Service. It is intended by the parties that the severance amounts and benefits described above shall constitute a short-term deferral under Treas. Reg. §1.409A-1(b)(4).

Additionally, if Executive elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Executive and/or Executive's eligible dependents would be entitled under Section 4980B of the Code (COBRA), and otherwise remains eligible for such continuation, then for a period not to exceed twelve (12) months, the Company shall pay the excess of (i) the COBRA cost of such coverage over (ii) the amount that Executive would have had to pay for such coverage if he had remained employed during such period and paid the active employee rate for such coverage, provided, however, that if Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law.

As a condition precedent to the requirement of the Company to make such payments (other than the Accrued Obligations) or grant such accelerated vesting, Executive shall not be in breach of his obligations under Section 9 below and Executive shall have executed, delivered and not revoked a separation agreement, including a general release of claims, in form and substance reasonably acceptable to the Company.

Any payment (other than the COBRA payments) required to be made under this Section 8.03 shall be made to Executive in a lump sum in cash within 60 days after the date of his Separation from Service; provided, however, that no payment shall be due until at least eight (8) days after Executive has executed and delivered to the Company the separation agreement described above.

8.04 Voluntary Termination by Executive or Termination for Cause. Executive may resign his employment hereunder for any reason and at any time, upon thirty (30) days prior written notice to the Company, and such resignation shall not be a breach of this Agreement. The Company may terminate Executive's employment hereunder at any time for Cause, as determined by the Board acting reasonably and in good faith. In the event Executive has a Separation from Service as a result of his resignation (other than as a result of a Constructive Discharge) or as a result of a termination by the Company for Cause, the Company shall (i) pay to Executive the Accrued Obligations within fifteen (15) days following Executive's Separation from Service and (ii) be under no obligation to make severance payments to Executive or continue any benefits being provided to Executive beyond the date of Executive's Separation from Service other than benefits to which Executive may be entitled as a result of Federal or state law.

8.05 No Mitigation. In the event of any termination of Executive's employment under this Section 8, Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due to Executive under this Agreement on account of any compensation attributable to any

subsequent employment that he may obtain except as specifically provided in this Section 8. Notwithstanding anything contained in this Agreement to the contrary, the payments and benefits set forth in this Section 8 shall be provided to Executive in lieu of any benefits to which Executive may be entitled to receive under any other severance or change-in-control plan, program, policy or arrangement of the Company.

9. Confidentiality and Non-Competition.

9.01 Definitions. For purposes of this Section 9, the following terms shall have the following meanings:

“Affiliate” means any corporation, limited liability company, partnership or other entity of which the Company owns at least fifty percent (50%) of the outstanding equity and voting rights, directly or indirectly, through any other corporation, limited liability company, partnership or other entity.

“Businesses” means the businesses engaged in by the Company directly or through its Affiliates immediately prior to termination of employment.

“Competitive Business” means the business of owning, operating, and/or franchising quick-service restaurants specializing primarily in the sale of chicken as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by the Company or any of its Affiliates as of the termination of Executive’s employment with the Company, or during the two (2) years immediately prior the termination of Executive’s employment with the Company. For the avoidance of doubt, a Competitive Business that specializes primarily in the sale of chicken includes, without limitation, KFC Corporation, Church’s Chicken, Bojangles’, Zaxby’s, Chick-fil-A, Raising Cane’s, Nando’s, Wingstop and WingStreet.

“Confidential Information” means any and all data and information relating to the Company (including any Affiliates), its activities, business, or clients that (i) is disclosed to Executive or of which Executive becomes aware as a consequence of his employment with the Company; (ii) has value to the Company or any Affiliate; and (iii) is not generally known outside of the Company or any Affiliate. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning the Company or any Affiliate: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of the Company or any Affiliate, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of the Company or any Affiliate. In addition to data and information relating to the Company and its Affiliates, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company or any Affiliate by such third party, and that the Company or such Affiliate has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law.

“Restricted Period” means the period commencing as of the date hereof and ending on the date one (1) year after the termination of Executive’s employment with the Company for any reason, whether voluntary or involuntary.

“Restricted Territory” means the territory as to which Executive provides services for the Company or its Affiliates, which extends to the area in which the Company or its Affiliates conduct the Competitive Business as of the date of Executive’s Separation from Service.

“Restrictive Covenants” means the obligations contained in Sections 9.02 through 9.06 below.

9.02 Covenant Not to Use or Disclose Confidential Information. The Company and Executive recognize that, during the course of Executive’s employment with the Company, the Company has disclosed and will continue to disclose to Executive Confidential Information concerning the Company and the Affiliates, their products, their franchisees, their services and other matters concerning their Businesses, all of which constitute valuable assets of the Company and the Affiliates. The Company and Executive further acknowledge that the Company has, and will, invest considerable amounts of time, effort and corporate resources in developing such valuable assets and that disclosure by Executive of such assets to the public shall cause irreparable harm, damage and loss to the Company and the Affiliates. Accordingly, Executive acknowledges and agrees, except as may be required otherwise by law:

- (a) that the Confidential Information is and shall remain the exclusive property of the Company (or the applicable Affiliate);
- (b) to use the Confidential Information exclusively for the purpose of fulfilling the obligations under this Agreement;
- (c) to hold the Confidential Information in confidence and not copy, publish or disclose to others or allow any other party to copy, publish or disclose to others in any form, any Confidential Information without the prior written approval of an authorized representative of the Company; and
- (d) not to use any Confidential Information for the benefit of anyone other than the Company

Notwithstanding anything contained in this Agreement to the contrary, Executive may use or disclose Confidential Information (i) as such use or disclosure may be required or appropriate to fulfill his duties for the benefit of the Company as an employee of the Company, (ii) when required to do so by a court of law, by a governmental agency having regulatory authority over the Company and the authority to order such use or disclosure, (iii) to the extent that such Confidential Information becomes generally known to the public or trade through the act of one who has the authority to disclose such information without violating any right or privilege of the Company or any of its Affiliates, or (iv) with respect to disclosure of information involving Executive’s compensation, to Executive’s spouse, attorney and/or personal tax or financial advisor, provided, however, that any disclosure or use of such Confidential Information by any such person (except to complete Executive’s personal tax, legal or financial planning) shall be deemed to be a breach of this Section 9.02 by Executive.

These obligations shall remain in effect for as long as the information or materials in question retain their status as Confidential Information.

The confidentiality, property, and proprietary rights protections available in this Agreement are in addition to, and not exclusive of, any and all other corporate rights, including those provided under copyright, corporate officer or director fiduciary duties, and trade secret and confidential information laws.



Notwithstanding anything contained herein to the contrary, Executive shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive.

9.03 Cooperation. Executive agrees to cooperate with the Related Parties, with no compensation beyond compensation to which he is otherwise entitled pursuant to this Agreement, in any litigation or administrative proceedings involving any matters with which Executive was involved during Executive's employment with the Company. The Company shall request such assistance in a reasonable manner so as to not unreasonably interfere with Executive's business and personal schedules and shall reimburse Executive for reasonable expenses reasonably incurred by Executive in providing such assistance.

9.04 Covenant Not to Compete. Executive agrees that, during the Restricted Period, he will not, without prior written consent of the Company, directly or indirectly (i) be employed or otherwise engaged by a Competitive Business within the Restricted Territory in a management, executive, director or consulting capacity, (ii) engage in Competitive Business within the Restricted Territory or (iii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in Competitive Business within the Restricted Territory. Executive acknowledges and agrees that the Company does business throughout the Restricted Territory, that Executive's duties concern the entire Restricted Territory and that the Restricted Territory is therefore reasonable.

9.05 Covenant Not To Induce. Executive covenants and agrees that during the Restricted Period, he will not, directly or indirectly, on his own behalf or in the service or on behalf of others, hire, solicit for other employment, take away or attempt to hire, solicit for other employment or take away any person who is or was an employee of the Company or any Affiliate during the one (1) year immediately preceding the conduct in question (if the conduct occurs while Executive is still employed by the Company) or the termination of Executive's employment (if the conduct occurs after Executive's termination), as applicable.

9.06 Return of Materials. Except in the course of Executive carrying out his duties hereunder: (i) Executive agrees that he will not retain, provide to others outside the Company damage or destroy (except as set forth below), and will immediately return to the Company on or prior to the termination of Executive's employment or at any other time the Company requests such return, any and all property of the Company that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company or any Affiliate or their business (regardless of form, but specifically including all electronic files and data of the Company and all Affiliates), together with all Confidential Information belonging to the Company or any Affiliate or that Executive received from or through his employment with the Company, and (ii) Executive will not make, distribute, or retain copies, portions, abstracts, summaries or other representations of any such information or property.

9.07 Remedies. Executive specifically acknowledges and agrees that the remedy at law for any breach of the Restrictive Covenants will be inadequate and that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Executive further agrees that in the event Executive breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently,

Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction. If permitted under applicable law, Executive understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. The Company and Executive understand and agree that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants, a court of competent jurisdiction shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party's reasonable attorneys' fees.

9.08 Severability and Modification of Covenants. Executive acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant and they are severable from one another. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and no other provisions of this Agreement shall be rendered invalid or unenforceable by such modification.

9.09 Ownership of Property. Executive agrees and acknowledges that all works of authorship and inventions, including but not limited to products, goods, know-how, Trade Secrets and Confidential Information, and any revisions thereof, in any form and in whatever stage of creation or development, arising out of or resulting from, or in connection with, the services provided by Executive to the Company or any Affiliate under this Agreement are works made for hire and shall be the sole and exclusive property of the Company or such Affiliate. Executive agrees to execute such documents as the Company may reasonably request for the purpose of effectuating the ownership and other rights of the Company or the Affiliate in any such property.

9.10 No Defense. The existence of any claim, demand, action or cause of action of Executive against the Company shall not constitute a defense to the enforcement by the Company of any of the covenants or agreements in this Section 9.

10. Mandatory Reduction of Payments in Certain Events.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then, prior to the making of any Payment to Executive, a calculation shall be made comparing (i) the net benefit to Executive of the Payment after payment of the Excise Tax, to (ii) the net benefit to Executive if the Payment had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payment shall be limited to the extent necessary to avoid being subject to the Excise Tax (the "Reduced Amount"). The reduction of the Payments

due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the “change in ownership or control” (as such term is used and defined in Section 280G of the Code), as determined by the Determination Firm (as defined in Section 10(b) below). For purposes of this Section 10, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 10, the “Parachute Value” of a Payment means the present value as of the date of the “change in ownership or control” of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) The determination of whether an Excise Tax would be imposed, the amount of such Excise Tax, and the calculation of the amounts referred to Section 10(a)(i) and (ii) above shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and Executive (the "Determination Firm") which shall provide detailed supporting calculations. Any determination by the Determination Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which Executive was entitled to, but did not receive pursuant to Section 10(a), could have been made without the imposition of the Excise Tax ("Underpayment"). In such event, the Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

## 11. Dispute Resolution.

11.01 Agreement to Arbitrate. In consideration for his continued employment with the Company, and other consideration, the sufficiency of which is hereby acknowledged, Executive acknowledges and agrees that any controversy or claim arising out of or relating to Executive’s employment, termination of employment, or this Agreement including, but not limited to, controversies and claims that are protected or covered by any federal, state, or local statute, regulation or common law, shall be settled by arbitration pursuant to the Federal Arbitration Act. This includes, but is not limited to, violations or alleged violations of any federal or state statute or common law (including, but not limited to, the laws of the United States or of any state, or the Constitution of the United States or of any state), or of any other law, statute, ordinance, including but not limited to, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Equal Pay Act, Executive Retirement Income Security Act of 1972, as amended, the Rehabilitation Act of 1973, and any other statute or common law. This provision shall not, however, preclude the Company from seeking equitable relief as provided in Section 9.07 above.

11.02 Procedure. The arbitration shall be conducted in accordance with the Employment Arbitration Rules of the American Arbitration Association (“AAA”). Executive and the Company shall attempt to agree upon a single arbitrator, either from a list provided by the AAA or otherwise. If the parties have not agreed upon a single arbitrator within thirty (30) days after filing of the demand for arbitration, each party shall, within fifteen (15) days thereafter, select an arbitrator and, thereafter, the two arbitrators shall select a third arbitrator from a list provided by the AAA and the three arbitrator panel shall resolve the dispute. The arbitration shall be initiated in Atlanta, Georgia, unless the parties agree in writing to a different location or the Arbitrator directs the arbitration to be held at a different location. Filing fees and all costs of the arbitrator panel shall be paid for by the Company. The arbitrator panel shall determine which party has prevailed on the preponderance of the issues (taking into account the substance and significance of the claims as well as the number) and shall require the other party to pay the prevailing party’s reasonable attorneys’ fees. The

award rendered by the arbitrator shall be final and binding on the parties hereto and judgment thereon may be entered in any court having jurisdiction thereof. In addition to that provided for in the Employment Arbitration Rules, the arbitrator has sole discretion to permit discovery consistent with the Federal Rules of Civil Procedure and the judicial interpretation of those rules upon request by any party; provided, however, it is the intent of the parties that the arbitrator limit the time and scope of any such discovery to the greatest extent practicable and provide a decision as rapidly as possible given the circumstances of the claims to be determined. The arbitrator also shall have the power and authority to grant injunctive relief for any violation of Sections 9.02 through 9.04 and the arbitrator's order granting such relief may be entered in any court of competent jurisdiction. The agreement to arbitrate any claim arising out of the employment relationship or termination of employment shall not apply to those claims which cannot be made subject to this provision by statute, regulation or common law. These include, but are not limited to, any claims relating to work related injuries and claims for unemployment benefits under applicable state laws.

11.03 Rights of Parties. Nothing in this Section 11 shall be construed to prevent either party from asking a court of competent jurisdiction to enter appropriate equitable relief to enjoin any violation of this Agreement. Either party shall have the right to seek such relief in connection with or apart from the parties' rights under this Section 11 to arbitrate all disputes. With respect to disputes arising under this Agreement that are submitted to a court rather than an arbitrator, including actions to compel arbitration or for equitable relief in aid of arbitration, the parties agree that venue and jurisdiction are proper in any state or federal court lying within Atlanta, Georgia and specifically consent to the jurisdiction and venue of such court for the purpose of any proceedings contemplated by this paragraph. By entering into this Agreement the parties have expressly agreed to resolve any disputes covered by this Agreement through the arbitration process described herein.

12. Executive Acknowledgment.

By signing this Agreement, Executive acknowledges that the Company has advised Executive of his right to consult with an attorney prior to executing this Agreement; that he has the right to retain counsel of his own choosing concerning the agreement to arbitrate or any waiver of rights or claims; that he has read and fully understands the terms of this Agreement and/or has had the right to have it reviewed and approved by counsel of choice, with adequate opportunity and time for such review; and that he is fully aware of its contents and of its legal effect. Accordingly, this Agreement shall not be construed against any party on the grounds that the party drafted this Agreement. Instead, this Agreement shall be interpreted as though drafted equally by all parties.

13. Amendments.

This Agreement may not be altered, modified or amended except by a written instrument signed by each of the parties hereto.

14. Successors.

As used in this Agreement, the term the Company shall include any successors to all or substantially all of the business and/or assets of the Company which assumes and agrees to perform this Agreement.

15. Assignment.

Neither this Agreement nor any of the rights or obligations of either party hereunder shall be assigned or delegated by any party hereto without the prior written consent of the other party, except that the Company may without the consent of Executive assign its rights and delegate its duties hereunder to any successor to

the business of the Company. In the event of the assignment by the Company of its rights and the delegation of its duties to a successor to the business of the Company and the assumption of such rights and obligations by such successor, the Company shall, effective upon such assumption, be relieved from any and all obligations whatsoever to Executive hereunder. If a successor to the Company fails to assume this Agreement and the Company's obligations under this Agreement, then the Company shall not be relieved of its obligations to Executive hereunder.

16. Waiver.

Waiver by any party hereto of any breach or default by any other party of any of the terms of this Agreement shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived.

17. Severability.

In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

18. Survival.

Notwithstanding anything herein to the contrary, the provisions of Sections 7, 8, 9, 10, 11, 12 and 14 above and Sections 20, 22 and 23 below shall survive the termination of this Agreement.

19. Entire Terms.

This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings other than those expressly set forth herein. This Agreement supersedes all prior agreements, arrangements and understandings between the parties, whether oral or written, with respect to the employment of Executive.

20. Notices.

Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or if mailed in the manner herein specified, five (5) days after postmark of such mailing when mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive :

John K. Merkin  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346

If to the Company to :

Popeyes Louisiana Kitchen, Inc.  
400 Perimeter Center Terrace, Suite 1000  
Atlanta, Georgia 30346  
Attn: General Counsel

or to such other address or such other person as Executive or the Company shall designate in writing in accordance with this Section 20 except that notices regarding changes in notices shall be effective only upon receipt.

21. Headings.

Headings to Sections in this Agreement are for the convenience of the parties only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

22. Governing Law; Forum.

The Agreement shall be governed by the laws of the State of Georgia without reference to the principles of conflict of laws. The parties agree that the exclusive forum for any action for injunctive relief relating to the Restrictive Covenants shall be the state or federal courts of the State of Georgia. If any provision of any agreement, plan, program, policy, arrangement or other written document between or relating to the Company and the Executive conflicts with any provision of this Agreement, the provision of this Agreement shall control and prevail.

23. Compliance with Section 409A of the Code.

23.01 In General. To the extent this Agreement is subject to Section 409A of the Code, the Company and Executive intend all payments under this Agreement to comply with the requirements of such section, and this Agreement shall, to the extent reasonably practicable, be operated and administered to effectuate such intent.

23.02 Six-Month Delay in Certain Circumstances. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt “deferred compensation” within the meaning of Section 409A of the Code (“Non-Exempt Deferred Compensation”) would otherwise be payable or distributable under this Agreement by reason of Executive’s Separation from Service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following Executive’s Separation from Service will be accumulated through and paid or provided on the first day of the seventh month following Executive’s Separation from Service (or, if Executive dies during such period, within 30 days after Executive’s death) (in either case, the “Required Delay Period”); and

(ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

For purposes of this Agreement, the term “Specified Employee” has the meaning given such term in Section 409A of the Code.

23.03 Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Executive’s execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after Executive’s Separation from Service; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, and if such 60-day period begins in one calendar year and ends in the next calendar year, the payment or benefit

shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year. In other words, Executive is not permitted to influence the calendar year of payment based on the timing of his signing of the release.

23.04 Timing of Reimbursements and In-kind Benefits. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, and such payments or reimbursements are includible in Executive's federal gross taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. Executive's rights to payment or reimbursement of expenses under this Agreement shall not be subject to liquidation or exchange for another benefit.

23.05 Treatment of Installment Payments. Each payment of termination benefits under Section 8 of this Agreement, including, without limitation, each payment or reimbursement of premiums for group medical, dental, vision and/or prescription drug plan benefits, shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

24. Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and Executive has hereunto set his hand as of the day and year first above written.

**COMPANY:**

**POPEYES LOUISIANA KITCHEN, INC.**

By: /s/ Cheryl A. Bachelder  
Cheryl A. Bachelder  
Chief Executive Officer

**EXECUTIVE:**

/s/ John K. Merkin  
John K. Merkin

## CERTIFICATION

I, Cheryl A. Bachelder certify that:

1. I have reviewed this quarterly report on Form 10-Q of Popeyes Louisiana Kitchen, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 25, 2016

/s/ Cheryl A. Bachelder

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Cheryl A. Bachelder  
Chief Executive Officer  
(Principal Executive Officer)



## CERTIFICATION

I, William P. Matt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Popeyes Louisiana Kitchen, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 25, 2016

/s/ William P. Matt

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William P. Matt

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Popeyes Louisiana Kitchen, Inc. (the "Corporation") for the period ended April 17, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chief Executive Officer of the Corporation, certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: May 25, 2016

/s/ Cheryl A. Bachelder

Cheryl A. Bachelder

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Popeyes Louisiana Kitchen, Inc. (the "Corporation") for the period ended April 17, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chief Financial Officer of the Corporation, certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: May 25, 2016

/s/ William P. Matt

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William P. Matt

Chief Financial Officer

(Principal Financial Officer)