

Jury Finds against El Pollo Loco, Inc. in Mexico Trademark Dispute

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Subsequent Proceedings Necessary before Final Judgment is Reached

El Pollo Loco, Inc., a quick-service restaurant chain specializing in flame-grilled chicken, today announced that a Laredo, Texas jury reached a verdict in a trademark lawsuit filed by El Pollo Loco-Mexico against El Pollo Loco, Inc. in 2004. On July 26, 2007, the jury returned a verdict finding damages for El Pollo Loco-Mexico, based on theories under Mexican law, in the approximate amount of \$22 million.

Before a final judgment is rendered, the U.S. District Court in the Southern District of Texas has requested that the parties file post trial motions. The motions must be filed by August 9, 2007.

The contractual rights to use the name El Pollo Loco(R) and certain related trademarks and intellectual property in Mexico were assigned to El Pollo Loco, Inc. in 1996, pursuant to an agreement between El Pollo Loco, Inc. and a company controlled by Juan Francisco Ochoa, founder of the first El Pollo Loco in Mexico and the United States. In March of 2004, El Pollo Loco-Mexico filed a lawsuit alleging that El Pollo Loco, Inc. breached its agreement in Mexico by failing to exploit the trademarks and to develop new restaurants there.

Post trial motions to be filed by El Pollo Loco, Inc. will cite two key findings by the jury that reinforce its firm belief that the damage findings were not supported by the facts in this case as a matter of law. The first is that the plaintiff knew of the injuries it alleged as early as 1997, but did not file a lawsuit until 2004, which El Pollo Loco, Inc. asserts was after the statute of limitations had run. The second is that the value of the 1996 agreement was \$1,087,500. El Pollo Loco, Inc. deposited the same amount into the registry of the Court two years ago, representing the buyout price in the contract.

The Company is hopeful that the trial judge will recognize the significance of the above jury findings and enter judgment in favor of El Pollo Loco, Inc. If the final ruling by the Court upholds the jury's damage findings, El Pollo Loco, Inc. will appeal.

'We disagree with the jury's decision and believe that it is not supported by the facts in this case as a matter of law,' said Steve Carley, president and CEO of El Pollo Loco, Inc. 'There are a number of inconsistencies in the jury verdict that we plan to address in post trial motions, which could affect how the Court ultimately rules on this case. Additionally, in the event that the Court upholds the jury's verdict, we plan to appeal and seek to have the ruling overturned by a higher Court.'

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