

**CALIFORNIA JURY FINDS THAT EL POLLO LOCO, INC. VIOLATED THE
IMPLIED COVENANT OF GOOD FAITH BY ENCROACHING ON FRANCHISEES'
NON-EXCLUSIVE TERRITORY AND BY FAILING TO OFFER ENCROACHING
RESTAURANTS TO NEARBY FRANCHISEES**

LANCASTER, CA, December 18, 2017--- El Pollo Loco, Inc. (Nasdaq: LOCO), the nation's leading fire-grilled chicken chain, breached the implied covenant of good faith and fair dealing when it improperly encroached on the non-exclusive territory of its nearby franchisees, according to a 12-member Lancaster, California jury after a four-week jury trial. In what appears to be a case of first impression, that same jury determined that El Pollo Loco, Inc. violated the same implied covenant of good faith when it failed to offer its franchisees the right to operate the two encroaching restaurants. According to Robert Zarco, Esq., founding partner of the law firm of Zarco, Einhorn, Salkowski & Brito, P.A., who represented the franchisees at trial, "the decision by this jury has been a long time in the making, and supports the legal principles espoused by the courts in *In re Vylene Enterprises* and in the seminal case of *Scheck vs Burger King*."

Plaintiffs Michael and Janice Bryman owned and operated the only El Pollo Loco restaurant in Lancaster, California since 1999. Despite El Pollo Loco, Inc. designating the entire Los Angeles market as a corporate market, El Pollo Loco, Inc. did not undertake any significant efforts to develop any new restaurants in Lancaster for over 15 years. After El Pollo Loco, Inc.'s then owner, Trimaran Capital Partners, took the company public in 2014, El Pollo Loco, Inc. began an aggressive campaign to grow its restaurants. Purporting to rely on its express rights under its form franchise agreements granting El Pollo Loco, Inc. the right to place a competing corporate restaurant "in the immediate vicinity of or adjacent to" an existing franchise restaurant, El Pollo Loco, Inc. used its real-time knowledge of the Brymans' gross sales to determine where it was going to develop additional corporate restaurants.

According to attorney Robert Zarco, a critical moment in the case occurred when the presiding judge ruled that the express contractual provisions relied upon by El Pollo Loco, Inc. were unconscionable as a matter of law, and were thus unenforceable. "That decision alone," said Mr. Zarco, "will have a significant impact on the other 250 franchise agreements existing between El Pollo Loco, Inc. and its franchisees," a fact that El Pollo Loco, Inc. itself has recognized in its recent financial filings. According to Robert F. Salkowski, Esq., who assisted Robert Zarco at trial, "this verdict will have a significant impact on franchising nationally, and will help level the playing field between franchisors and franchisees." Because the trial lasted over four weeks, the presiding judge elected that the monetary and equitable damages that El Pollo Loco, Inc. is responsible for would be determined at a subsequent hearing to take place sometime in early 2018.

The case is *Janice P. Handlers-Bryman and Michael D. Bryman vs. El Pollo Loco, Inc.*, Case No. MC026045, pending in the Superior Court of the State of California for the County of Los Angeles, Lancaster Division. The Brymans were represented at trial by Robert Zarco, Robert F. Salkowski, and Margaret T. Lai, with the law firm of Zarco, Einhorn, Salkowski & Brito, P.A. headquartered in Miami, Florida. El Pollo Loco, Inc. was represented at trial by James Mulcahy, Kevin Adams, and Douglas Luther with Mulcahy Law Firm, P.C.

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES, NORTH DISTRICT**

JANICE P. HANDLERS-BRYMAN and
MICHAEL D. BRYMAN, as individuals and
As Trustees of the Handlers Bryman Trust,

CASE NO. MC026045

Plaintiffs,

SPECIAL VERDICT FORM

v.

EL POLLO LOCO, INC., a Delaware
Corporation;

Defendant.

We, the Jury in the above entitled case, find the following verdict on the questions
submitted to us:

Question 1: Did El Pollo, Inc., construct the corporate restaurant located in the Costco
Center within the "notification radius" of the Brymans' Valley Center Way franchise restaurant?

_____ Yes ~~_____~~ No

Question 2: Did El Pollo, Inc., breach the covenant of good faith and fair dealing implied
in the Bryman's Franchise Agreement by constructing the corporate restaurant in Costco Center?

~~_____~~ Yes _____ No

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Question 3: Did El Pollo, Inc., breach the covenant of good faith and fair dealing implied in the Bryman's Franchise Agreement by not offering the Costco location to the Brymans?

Yes No

Question 4: Did El Pollo, Inc., breach the covenant of good faith and fair dealing implied in the Brymans' Franchise Agreement by constructing the corporate restaurant at Avenue J and 20th Street East?

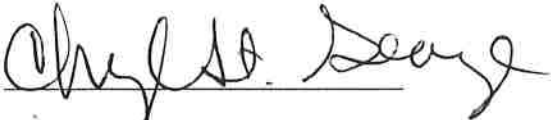
Yes No

Question 5: Did El Pollo, Inc., breach the covenant of good faith and fair dealing implied in the Bryman's Franchise Agreement by not offering the Avenue J and 20th Street East location to the Brymans when it became available?

Yes No

After this verdict has been signed, please advise the courtroom attendant you are ready to present your verdict to the Court.

DATED: 12-11-17



Presiding Juror

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