

# GRILL CONCEPTS, INC.

## NEWS RELEASE

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### GRILL CONCEPTS REPORTS 2010 FIRST QUARTER FINANCIAL RESULTS

WOODLAND HILLS, Calif. – May 12, 2010 – Grill Concepts, Inc. (Pink Sheets: GLLC), operators of *The Grill on the Alley* and *Daily Grill*-branded restaurants and the *In Short Order – Daily Grill* quick casual concept, today reported financial results for its fiscal first quarter ended March 28, 2010.

“Results for our first quarter showed stability, although were not immune to generally reduced consumer spending patterns in the wake of the recessionary environment,” said Philip Gay, president and chief executive officer. “We are continuing to prudently manage costs, and the measures taken over the past year to minimize our operating expense structure are enabling us to prepare for a more positive future.”

Sales at company-owned restaurants for the fiscal 2010 and 2009 first quarter and the change in comparable same-store sales are reflected in the table below:

	Three Months Ended	
	March 28, 2010	March 29, 2009
<i>(amounts in thousands)</i>		
Revenues:		
Sales	\$ 17,141	\$ 17,822
Management and license fees	427	526
Total revenues (net of reimbursed costs)	17,568	18,348
Same-store sales:		
The Grill on the Alley	2.7%	(21.4)%
Daily Grill	(3.7)%	(15.2)%
In Short Order – Daily Grill	14.4%	—
Consolidated	(1.5)%	(17.3)%

Total operating expenses for the 2010 fiscal first quarter declined to \$18.4 million from \$19.3 million last year as the company’s cost reduction plan continued to result in lower core operating expenses when compared with the prior-year period. General and administrative costs for the fiscal 2010 first quarter decreased 11.9% to \$1.4 million from \$1.6 million a year earlier and narrowed as a percentage of sales to 8.3% from 9.0%.

Grill Concepts posted a net loss applicable to common stock of \$1.3 million, equal to \$0.15 per share, for the 2010 fiscal first quarter, versus a net loss of \$1.3 million, equal to \$0.14 per share, a year ago. Earnings before interest, taxes, depreciation and amortization (EBITDA), before stock based

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compensation, pre-opening costs, loss on investment in joint venture and net losses attributable to noncontrolling interests totaled \$302,000 for the 2010 fiscal first quarter, compared with \$400,000 for the same period a year ago.

Subsequent to the end of the quarter, the company announced the grand opening of its *Daily Grill on Century* restaurant, in the Westin Los Angeles Airport Hotel at 5410 West Century Boulevard. The newest Daily Grill, which is now serving breakfast, lunch and dinner, as well as providing lobby bar service and room service for the nearly 800-room hotel, occupies approximately 7,000 square feet and accommodates seating for 200-plus guests including the patio.

#### **About Grill Concepts, Inc.**

Grill Concepts owns, manages and licenses upscale casual and fine dining, full service restaurants under two core brand names: *The Grill on the Alley* and *Daily Grill*; as well as a newly launched quick casual concept named *In Short Order – Daily Grill*. The company operates 30 restaurants including seven *The Grill on the Alley*-branded restaurants in Beverly Hills, Hollywood, San Jose and Westlake Village, California; Chicago, Illinois; Dallas, Texas; and Aventura, Florida; 22 *Daily Grill* restaurants in California; the Washington, D.C. metropolitan region; Houston and Austin, Texas; Portland, Oregon; Seattle, Washington; Boston, Massachusetts; and Tulsa, Oklahoma; as well as one *In Short Order – Daily Grill* in Seattle, Washington.

#### **Non-GAAP Financial Measure**

The company believes that Earnings before interest, taxes, depreciation and amortization (EBITDA), stock based compensation, pre-opening costs, loss on investment in joint venture, and net losses attributable to noncontrolling interests (“Modified EBITDA”), although a non-GAAP measure, provides greater comparability regarding its ongoing operating performance. However, Modified EBITDA should not be considered an alternative to measurements required by accounting principles generally accepted in the United States (“U.S. GAAP”). A reconciliation of the company’s U.S. GAAP information to Modified EBITDA is provided in the attached table.

*This news release contains forward-looking statements, which are based on current operations, plans and expectations. Such statements include, but are not limited to, the company’s plans to refuel its expansion when the economy rebounds. Actual results may differ materially from these statements due to risks and uncertainties beyond the company’s control, which are detailed from time to time in its filings with the Pink OTC Markets Inc.*

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(tables follow)

**GRILL CONCEPTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)

	Three Months Ended	
	March 28, 2010	March 29, 2009
<b>Revenues:</b>		
Sales	\$ 17,141	\$ 17,822
Management and license fees	427	526
Total revenues (net of reimbursed costs)	<u>17,568</u>	<u>18,348</u>
<b>Operating expenses:</b>		
Cost of sales	4,933	4,991
Restaurant payroll and related	6,469	6,837
Restaurant operating	2,959	3,074
Occupancy	1,509	1,594
General and administrative	1,417	1,609
Depreciation and amortization	939	1,181
Pre-opening costs	102	—
Loss on investment in joint venture	51	—
Total operating expenses	<u>18,379</u>	<u>19,286</u>
Loss from operations	(811)	(938)
Interest, net	(402)	(285)
Loss before income taxes	<u>(1,213)</u>	<u>(1,223)</u>
Provision for income taxes	(49)	—
Net loss	<u>(1,262)</u>	<u>(1,223)</u>
Net loss attributable to noncontrolling interests	7	47
Net loss attributable to Grill Concepts, Inc.	<u>(1,255)</u>	<u>(1,176)</u>
Preferred dividends accrued	(94)	(94)
Net loss applicable to common stock	<u>\$ (1,349)</u>	<u>\$ (1,270)</u>
<b>Net loss per share applicable to common stock:</b>		
Basic	<u>\$ (0.15)</u>	<u>\$ (0.14)</u>
Diluted	<u>\$ (0.15)</u>	<u>\$ (0.14)</u>
<b>Weighted-average shares outstanding:</b>		
Basic	<u>8,918</u>	<u>8,804</u>
Diluted	<u>8,918</u>	<u>8,804</u>

**GRILL CONCEPTS, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-U.S. GAAP MEASURES TO U.S. GAAP**  
(in thousands)

The following tables set forth the reconciliation of net loss to net earnings before interest, taxes, depreciation and amortization (EBITDA), before stock based compensation, pre-opening costs, loss on investment in joint venture and net losses attributable to noncontrolling interests ("Modified EBITDA") :

	Three Months Ended	
	March 28, 2010	March 29, 2009
Net loss attributable to Grill Concepts, Inc.	\$ (1,255)	\$ (1,176)
Adjustments:		
Stock based compensation	21	157
Depreciation and amortization	939	1,181
Pre-opening costs	102	—
Loss on investment in joint venture	51	—
Interest, net	402	285
Provision for income taxes	49	—
Net loss attributable to noncontrolling interests	(7)	(47)
Modified EBITDA (as defined)	\$ 302	\$ 400