

GRILL CONCEPTS, INC.

NEWS RELEASE

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GRILL CONCEPTS REPORTS FINANCIAL RESULTS FOR SECOND QUARTER, FIRST HALF OF 2010

WOODLAND HILLS, Calif. – August 6, 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 second quarter and six months ended June 27, 2010.

“The gradual improvement in general economic conditions had a favorable impact on second quarter revenues, which increased 6.3% over the prior year period, paced by an 8.8% increase in same-store sales for The Grill on the Alley restaurants,” said Robert Spivak, a co-founder of the company, who was named president and chief executive officer in June. “The increased net loss for the period principally reflected pre-opening costs for our newest Daily Grill restaurant, along with severance expense and closure of the Boston Daily Grill. We are hopeful that the positive sales trends will continue and the steps implemented to reduce our operating cost structure will provide for positive results over the long term,” Spivak added.

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

	Three Months Ended		Six Months Ended	
	June 27, 2010	June 28, 2009	June 27, 2010	June 28, 2009
<i>(amounts in thousands)</i>				
Revenues:				
Sales	\$ 17,132	\$ 16,121	\$ 34,273	\$ 33,944
Management and license fees	494	426	921	951
Total revenues	17,626	16,547	35,194	34,895
Same-store sales:				
The Grill on the Alley	8.8%	(22.6)%	5.1%	(21.9)%
Daily Grill	1.0%	(16.6)%	(1.5)%	(15.3)%
Consolidated	4.0%	(18.8)%	1.2%	(17.6)%

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Total operating expenses for the fiscal 2010 second quarter were \$19.0 million, compared with \$17.7 million a year ago. The increase is primarily due to higher cost of sales, pre-opening costs and abandoned projects. General and administrative costs for the fiscal 2010 second quarter were \$1.7 million compared with \$1.6 million a year earlier.

Grill Concepts posted a net loss applicable to common stock of \$2.0 million, equal to \$0.23 per share, for the 2010 fiscal second quarter, versus a net loss of \$1.5 million, equal to \$0.17 per share, a year ago. Earnings before interest, taxes, depreciation and amortization (“EBITDA”), stock based compensation, pre-opening costs, abandoned projects, loss on investment in joint venture, net income/losses attributable to noncontrolling interests and other non-recurring costs increased to \$354,000 for the 2010 fiscal second quarter from \$33,000 in the same period a year ago.

During the quarter, the company announced the grand opening of its *Daily Grill* restaurant in the Westin Los Angeles Airport Hotel on West Century Boulevard. The newest Daily Grill serves breakfast, lunch and dinner and provides lobby bar service and room service for the nearly 800-room hotel. It occupies approximately 7,000 square feet and accommodates seating for 200-plus guests including the patio.

For the first half of fiscal 2010, total operating expenses were \$37.4 million, compared with \$36.9 million last year. General and administrative costs for the first six months of fiscal 2010 decreased 3.5% to \$3.1 million from \$3.2 million a year earlier and narrowed as a percentage of total revenue to 8.8% from 9.3%.

Grill Concepts posted a net loss applicable to common stock of \$3.4 million, equal to \$0.38 per share, for the first half of fiscal 2010, versus a net loss of \$2.8 million, equal to \$0.31 per share, a year ago. Earnings before interest, taxes, depreciation and amortization (EBITDA), stock based compensation, pre-opening costs, abandoned projects, loss on investment in joint venture, net income/losses attributable to noncontrolling interests and other non-recurring costs totaled \$655,000 for the 2010 fiscal second quarter, compared with \$431,000 for the same period a year ago.

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 quick casual concept named *In Short Order – Daily Grill*. The company operates and or licenses 29 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; 21 *Daily Grill* restaurants in California; the Washington, D.C. metropolitan region; Houston and Austin, Texas; Portland, Oregon; Seattle, Washington, 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, abandoned projects, loss on investment in joint venture, and net income/losses attributable to noncontrolling interests and other non-recurring costs, although a non-GAAP measure, provides greater comparability regarding its ongoing operating performance. However, 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 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		Six Months Ended	
	June 27, 2010	June 28, 2009	June 27, 2010	June 28, 2009
Revenues:				
Sales	\$ 17,132	\$ 16,121	\$ 34,273	\$ 33,944
Management and license fees	494	426	921	951
Total revenues	<u>17,626</u>	<u>16,547</u>	<u>35,194</u>	<u>34,895</u>
Operating expenses:				
Cost of sales	5,028	4,534	9,962	9,526
Restaurant payroll and related	6,466	6,168	12,935	13,005
Restaurant operating	2,966	2,762	5,924	5,836
Occupancy	1,377	1,587	2,886	3,181
General and administrative	1,697	1,619	3,115	3,229
Depreciation and amortization	1,016	977	1,955	2,158
Pre-opening costs	166	9	269	9
Abandoned projects	257	-	257	-
Loss on investment in joint venture	27	-	78	-
Total operating expenses	<u>19,000</u>	<u>17,656</u>	<u>37,381</u>	<u>36,944</u>
Loss from operations	(1,374)	(1,109)	(2,187)	(2,049)
Interest, net	(413)	(246)	(815)	(531)
Loss before income taxes	(1,787)	(1,355)	(3,002)	(2,580)
Provision for income taxes	(46)	(93)	(95)	(93)
Net loss	<u>(1,833)</u>	<u>(1,448)</u>	<u>(3,097)</u>	<u>(2,673)</u>
Net (income) loss attributable to noncontrolling interests	(77)	57	(70)	103
Net loss attributable to Grill Concepts, Inc.	<u>(1,910)</u>	<u>(1,391)</u>	<u>(3,167)</u>	<u>(2,570)</u>
Preferred dividends accrued	(101)	(94)	(195)	(188)
Net loss applicable to common stock	<u>\$ (2,011)</u>	<u>\$ (1,485)</u>	<u>\$ (3,362)</u>	<u>\$ (2,758)</u>
Net loss per share applicable to common stock:				
Basic	<u>\$ (0.23)</u>	<u>\$ (0.17)</u>	<u>\$ (0.38)</u>	<u>\$ (0.31)</u>
Diluted	<u>\$ (0.23)</u>	<u>\$ (0.17)</u>	<u>\$ (0.38)</u>	<u>\$ (0.31)</u>
Weighted-average shares outstanding:				
Basic	<u>8,918</u>	<u>8,798</u>	<u>8,918</u>	<u>8,801</u>
Diluted	<u>8,918</u>	<u>8,798</u>	<u>8,918</u>	<u>8,801</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), stock based compensation, pre-opening costs, abandoned projects, loss on investment in joint venture, net income (loss) attributable to noncontrolling interests and other non-recurring costs:

	Three Months Ended		Six Months Ended	
	June 27, 2010	June 28, 2009	June 27, 2010	June 28, 2009
Net loss attributable to Grill Concepts, Inc.	\$ (1,910)	\$ (1,391)	\$ (3,167)	\$ (2,570)
Add (deduct):				
Interest, net	413	246	815	531
Provision for income taxes	46	93	95	93
Depreciation and amortization	1,016	977	1,955	2,158
Stock based compensation	64	156	85	313
Pre-opening costs	166	9	269	9
Abandoned projects	257	–	257	–
Loss on investment in joint venture	27	–	78	–
Net income (loss) attributable to noncontrolling interests	77	(57)	70	(103)
Other non-recurring costs	198	–	198	–
Modified EBITDA (as defined)	\$ 354	\$ 33	\$ 655	\$ 431