

# GRILL CONCEPTS, INC.

## NEWS RELEASE

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### GRILL CONCEPTS REPORTS IMPROVED FINANCIAL RESULTS FOR 2010 FULL YEAR AND FOURTH QUARTER

**WOODLAND HILLS, Calif. – March 25, 2011** – Grill Concepts, Inc. (OTC Capital Markets: 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 higher revenues and a reduced net loss for its fiscal year and fourth quarter ended December 26, 2010.

“Our performance for both the full year and fourth quarter reflected the general economic recovery and greater discretionary spending by consumers, along with measures we have taken internally to reign in and control costs,” said Robert Spivak, president and chief executive officer. “At our Daily Grill restaurants, comparable same store sales for the full 2010 year advanced 1.8% and rose 5.8% for the fourth quarter, representing a big swing from a year ago, when same store sales for Daily Grill were down 14.6% for the year and 8.6% for the fourth quarter. For The Grill on the Alley, same store sales for 2010 increased 6.5% and rose 8.0% for the fourth quarter, compared with being down 18.5% for 2009 and 7.8% for the 2009 fourth quarter.

“During the first half of 2010, we closed two Daily Grill restaurants—in Boston, Massachusetts and El Segundo, California—that were not meeting our performance objectives. Subsequent to the close of 2010, we opened our newest concept, Public School 612, a gastro pub, housed alongside our Daily Grill in downtown Los Angeles, featuring an eclectic American tapas menu in a relaxed bar environment,” Spivak added.

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

	Three Months Ended		Twelve Months Ended	
	December 26, 2010	December 27, 2009	December 26, 2010	December 27, 2009
<i>(amounts in thousands)</i>				
Revenues:				
Sales	\$ 17,940	\$ 16,540	\$ 67,922	\$ 64,813
Management and license fees	499	604	1,956	2,110
Total revenues	18,439	17,144	69,878	66,923
Same-store sales				
The Grill on the Alley	8.0%	(7.8)%	6.5%	(18.5)%
Daily Grill	5.8%	(8.6)%	1.8%	(14.6)%
Consolidated	6.9%	(8.3)%	3.8%	(15.9)%

(more)

Total operating expenses for the fiscal 2010 fourth quarter declined to \$20.1 million from \$21.2 million a year ago, principally reflecting impairment charges and the loss related to the termination of a joint venture in 2009.

Grill Concepts posted a net loss applicable to common stock of \$2.2 million, equal to \$0.22 per share, for the 2010 fiscal fourth quarter, versus a net loss applicable to common stock of \$8.8 million, equal to \$1.00 per share, a year ago.

For the full fiscal 2010, total operating expenses were \$75.2 million, compared with \$74.6 million last year. General and administrative costs for the twelve months of fiscal 2010 amounted to \$6.5 million, compared with \$5.7 million for 2009.

Grill Concepts posted a net loss applicable to common stock of \$7.6 million, equal to \$0.85 per share, for the 2010 fiscal year, versus a net loss applicable to common stock of \$13.9 million, or \$1.57 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 non-controlling interests and other non-recurring costs totaled \$298,000 for the 2010 fiscal year, compared with \$2.1 million 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, *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 non-controlling 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.

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(Tables follow...)

**GRILL CONCEPTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 26, 2010	December 27, 2009	December 26, 2010	December 27, 2009
Revenues:				
Sales	\$ 17,940	\$ 16,540	\$ 67,922	\$ 64,813
Management and license fees	499	604	1,956	2,110
Total revenues	18,439	17,144	90,297	66,923
Operating expenses:				
Cost of sales	5,153	4,886	19,703	18,582
Restaurant payroll and related	6,525	5,737	25,693	24,652
Restaurant operating	3,335	3,283	12,182	11,512
Occupancy	1,529	410	5,853	5,069
General and administrative	1,785	1,080	6,506	5,736
Depreciation and amortization	967	1,147	3,880	4,342
Pre-opening costs	-	54	269	64
Abandoned projects	130	-	489	-
Loss on disposal of furniture, equipment and improvements	156	308	156	374
Impairment of furniture, equipment and improvements	-	3,058	-	3,058
Loss on investment in joint venture	-	1,224	-	1,224
Goodwill write off	515	-	515	-
Total operating expenses	20,099	21,187	75,246	74,613
Loss from operations	(1,660)	(4,043)	(5,368)	(7,690)
Interest, net	(413)	(407)	(1,640)	(1,482)
Other income	-	138	-	138
Loss before income taxes	(2,073)	(4,312)	(7,008)	(9,034)
(Provision) benefit for income taxes	(21)	282	(168)	140
Net loss	(2,094)	(4,030)	(7,176)	(8,894)
Net (loss) income attributable to noncontrolling interests	(13)	(48)	(73)	44
Net loss attributable to Grill Concepts, Inc.	(2,107)	(4,078)	(7,249)	(8,850)
Preferred dividends accrued	(75)	(94)	(375)	(375)
Deemed dividends	-	(4,625)	-	(4,625)
Net loss applicable to common stock	\$ (2,182)	\$ (8,797)	\$ (7,624)	\$ (13,850)
Net loss per share applicable to common stock:				
Basic	\$ (0.22)	\$ (1.00)	\$ (0.85)	\$ (1.57)
Diluted	\$ (0.22)	\$ (1.00)	\$ (0.85)	\$ (1.57)
Weighted-average shares outstanding:				
Basic	8,918	8,794	8,918	8,807
Diluted	8,918	8,794	8,918	8,807

**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 non-controlling interests and other non-recurring costs:

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 26, 2010</b>	<b>December 27, 2009</b>	<b>December 26, 2010</b>	<b>December 27, 2009</b>
Net loss attributable to Grill Concepts, Inc.	\$ (2,107)	\$ (4,078)	\$ (7,249)	\$ (8,850)
Add (deduct):				
Interest, net	413	407	1,640	1,482
Provision (benefit) for income taxes	21	(282)	168	(140)
Depreciation and amortization	967	1,147	3,880	4,342
Stock based compensation	204	85	353	564
Pre-opening costs	–	54	269	64
Abandoned projects	208	–	489	–
Loss on investment in joint venture	–	1,224	–	1,224
Net income (loss) attributable to non-controlling interests	13	48	73	(44)
Other non-recurring costs	597	3,432	675	3,432
Modified EBITDA (as defined)	<u>\$ 316</u>	<u>\$ 2,037</u>	<u>\$ 298</u>	<u>\$ 2,074</u>

	<u>2010</u>	<u>2009</u>
Net loss attributable to Grill Concepts, Inc.	\$ (7,249)	\$ (8,849)
Adjustments:		
Interest, net	1,640	1,482
Provision for income taxes	168	(140)
Depreciation and amortization	3,880	4,342
Stock based compensation	353	564
Pre-opening costs	269	64
Abandoned projects	489	(424)
Loss on disposal of furniture, equipment and improvements	156	374
Goodwill impairment	515	-
Impairment of furniture, equipment and improvements	-	3,058
Loss on investment in joint venture	-	1,225
Net income (loss) attributable to noncontrolling interests	73	(44)
Other non-recurring costs	<u>273</u>	<u>(898)</u>
Modified EBITDA	<u>\$ 567</u>	<u>\$ 754</u>

Non-GAAP reconciliation of the Company's net loss to modified EBITDA