

# GRILL CONCEPTS, INC.

## NEWS RELEASE

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### GRILL CONCEPTS REPORTS 2011 FIRST QUARTER FINANCIAL RESULTS

**WOODLAND HILLS, Calif. – May 18, 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 financial results for its first quarter ended March 27, 2011. Total revenues increased 8.0% to \$19.0 million from \$17.6 million in the same period last year.

“Same-store sales for our branded restaurants rose during the first quarter, as we continue to leverage the strength of each brand amid improving consumer confidence,” said Robert Spivak, president and chief executive officer. “Same-store sales rose 5.6% for the Daily Grill restaurants and 6.1% for Grill on the Alley restaurants.”

“During the first quarter, we opened our new gastro pub, Public School 612, at our Daily Grill location in Downtown Los Angeles. Public School features 20 craft beers, an eclectic American tapas menu and a youthful, 21st century bar atmosphere. We are very excited with the early guest response which has been outstanding,” Spivak added.

Sales at company-owned restaurants for the fiscal 2011 and 2010 first quarter and the change in comparable same-store sales are reflected in the table below:

	Three Months Ended	
	March 27, 2011	March 28, 2010
<i>(amounts in thousands)</i>		
Revenues:		
Sales	\$ 18,476	\$ 17,141
Management and license fees	495	427
Total revenues	18,971	17,568
Same-store sales		
The Grill on the Alley	6.08%	2.74%
Daily Grill	5.64%	-3.69%
Consolidated	5.91%	-1.53%

Total operating expenses for the 2011 fiscal first quarter were \$19.1 million, compared with \$18.4 million last year. General and administrative costs for first three months of fiscal 2011 amounted to \$1.5 million, compared with \$1.4 million for the same period in 2010.

Grill Concepts posted a net loss applicable to common stock of \$689,000 for the 2011 fiscal first quarter, versus a net loss of \$1.3 million a year ago.

(more)

Earnings before interest, taxes, depreciation and amortization (EBITDA), before stock based compensation, preopening costs, loss on investment in joint venture and net losses attributable to noncontrolling interests totaled \$938,000 for the 2011 fiscal first quarter, compared with \$302,000 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, *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.

*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)

	<b>Three Months Ended</b>	
	<b>March 27, 2011</b>	<b>March 28, 2010</b>
Revenues:		
Sales	\$ 18,476	\$ 17,141
Management and license fees	495	427
Total revenues	<u>18,971</u>	<u>17,568</u>
Operating expenses:		
Cost of sales	5,208	4,933
Restaurant payroll and related	6,899	6,469
Restaurant operating	2,997	2,959
Occupancy	1,504	1,509
General and administrative	1,512	1,417
Depreciation and amortization	930	939
Pre-opening costs	87	102
Abandoned projects	2	--
Loss on investment in joint venture	--	51
Total operating expenses	<u>19,139</u>	<u>18,379</u>
Loss from operations	(168)	(811)
Interest, net	(402)	(402)
Loss before income taxes	<u>(570)</u>	<u>(1,213)</u>
(Provision) benefit for income taxes	(45)	(49)
Net loss	<u>(615)</u>	<u>(1,262)</u>
Net loss attributable to noncontrolling interests	20	7
Net loss attributable to Grill Concepts, Inc.	<u>(595)</u>	<u>(1,255)</u>
Preferred dividends accrued	(94)	(94)
Net loss applicable to common stock	<u>\$ (689)</u>	<u>\$ (1,349)</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 income or losses attributable to noncontrolling interests:

	<b>Three Months Ended</b>	
	<b>March 27, 2011</b>	<b>March 28, 2010</b>
Net loss attributable to Grill Concepts, Inc.	\$ (595)	\$ (1,255)
Adjustments:		
Interest, net	402	402
Provision for income taxes	45	49
Depreciation and amortization	930	939
Stock based compensation	87	21
Pre-opening costs	87	102
Abandoned projects	2	--
Loss on investment in joint venture	--	51
Net income attributable to noncontrolling interests	(20)	(7)
Modified EBITDA (as defined)	<u>\$ 938</u>	<u>\$ 302</u>