



PondelWilkinson

Investor Relations
Corporate/Financial Communications

PondelWilkinson Inc.
1880 Century Park East, Suite 700
Los Angeles, CA 90067

T (310) 279 5980
F (310) 279 5988
W www.pondel.com

NEWS RELEASE

CONTACTS:

Wayne Lipschitz
Chief Financial Officer
Grill Concepts, Inc.
(310) 820-5559, ext. 231

Angie Yang / Roger Pondel
PondelWilkinson Inc.
(310) 279-5980
investor@pondel.com

GRILL CONCEPTS REPORTS STRONG REVENUE GROWTH FOR 2006 FOURTH QUARTER AND YEAR

Los Angeles, California – March 30, 2007 – Grill Concepts, Inc. (NASDAQ:GRIL), which operates *The Grill on the Alley* and *Daily Grill*-branded restaurants, today reported strong increases in revenues for its 2006 fiscal fourth quarter and full year ended December 31, 2006.

For the fourth quarter of fiscal 2006, a 14-week period for Grill Concepts, total revenues rose 22.1 percent to \$23.4 million. This compares with total revenues of \$19.2 million in the fiscal 2005 fourth quarter, a 13-week period for the company. Sales at company-owned restaurants grew 25.2 percent to \$18.3 million from \$14.6 million in the fiscal 2005 fourth quarter. Management and license fees increased 9.9 percent to \$611,000 from \$556,000 in the year-ago fourth quarter.

As previously announced, same-store sales increased 17.5 percent for the company's 14-week, fiscal fourth quarter ended December 31, 2006. Based on a 13-week comparison, the company's consolidated same-store sales were up 9.4 percent in the fiscal 2006 fourth quarter, with the *Grill on the Alley* restaurants delivering a 15.1 percent increase and the *Daily Grill* restaurants posting a 5.9 percent gain.

For the 2006 fourth quarter, Grill Concepts posted net income applicable to common stock of \$1.5 million, or \$0.22 per diluted share, including an income tax benefit of \$1.3 million related to the release of valuation allowances with respect to deferred tax assets and the generation of general business credits. In the year-ago fourth quarter, the company reported net income applicable to common stock of \$308,000, or \$0.05 per diluted share, including an income tax benefit of \$98,000. Fiscal 2006 fourth quarter results also include stock based compensation expense of \$46,000, due to the company's adoption of Financial Accounting Standards Board Statement No. 123(R) ("SFAS No. 123(R)") effective fiscal 2006.

Los Angeles
New York
Boston
Portland

(more)

Earnings before interest, taxes, depreciation and amortization (EBITDA), before pre-opening costs, in the 2006 fourth quarter totaled \$1.2 million, compared with \$701,000 in the fiscal 2005 fourth quarter.

“2006 marked a milestone year of achievements for Grill Concepts,” said Philip Gay, chief executive officer. “Consistently throughout the year, we delivered strong sales trends in an economic environment that proved to be challenging for many of our industry peers. To support our growing organization, we added highly experienced professionals in R&D, training and purchasing and further strengthened the infrastructure of our management team. We established an \$8 million line of credit, which was later expanded to \$12 million, to fuel our accelerated expansion plans. And we simplified our organizational structure with the purchase of certain contractual rights and interests of Hotel Restaurant Properties.

“Reinvigorated by our strong sales trends, our team has worked cohesively to make significant progress with our accelerated expansion plans,” Gay said. Grill Concepts has signed leases for four new *Daily Grill* restaurants, with openings expected in Memphis in April 2007; Seattle and Austin during the summer of 2007; and Dallas in the fall of 2008. In addition, the company currently has letters of intent for five additional restaurant openings through 2008.

For the full year, a 53-week period for the company, total revenues rose 14.1 percent to \$80.7 million. This compares with \$70.7 million in fiscal 2005, a 52-week period for Grill Concepts. Sales at company-owned restaurants grew 14.5 percent to \$62.7 million in fiscal 2006 from \$54.7 million in the prior year. Management and license fees increased 15.3 percent to \$1.9 million from \$1.7 million in fiscal 2005.

Same-store sales for the company’s 53-week fiscal year increased 10.1 percent. Based on a 52-week comparison, the company’s consolidated same-store sales were up 7.9 percent for the year, with the *Grill on the Alley* restaurants recording a 12.3 percent increase and the *Daily Grill* restaurants generating a 5.5 percent gain.

For the full year, net income applicable to common stock totaled \$3.0 million, or \$0.48 per diluted share, and includes an income tax benefit of \$3.4 million related primarily to the release of valuation allowances with respect to deferred tax assets. The company recorded stock based compensation expense of \$199,000 for fiscal 2006 due to the adoption of SFAS No. 123(R), which reduced diluted earnings per share by \$0.03 for the year. In fiscal 2005, the company posted net income applicable to common stock of \$889,000, or \$0.14 per diluted share, which included an income tax provision of \$179,000.

EBITDA, before pre-opening costs, in fiscal 2006 totaled \$3.5 million, compared with \$3.2 million in the prior year.

“We believe our performance throughout 2006 underscores the strength of our branded restaurant concepts and is a testament to the value of our freshly-prepared classic American grill fare,” Gay said. “With two under-penetrated proven brands, re-energized by a strengthened financial structure and performance momentum, we believe we are better positioned than ever to capitalize on the inherent value of our company.”

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*. The company operates 25 restaurants including five *The Grill on the Alley*-branded restaurants in Beverly Hills, Hollywood and San Jose, California; Chicago, Illinois; and Dallas, Texas, as well as 20 *Daily Grill* restaurants in Southern and Northern California; the Washington, D.C. metropolitan region; Houston, Texas; Portland, Oregon; and Skokie, Illinois.

Non-GAAP Financial Measure

The company believes that EBITDA, 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 ability to continue expanding its restaurant network, projected opening dates of restaurants and projected opening dates of restaurants currently under letters of intent. 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 the company’s filings with the United States Securities and Exchange Commission.

#

(tables to follow)

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

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>December 31,</u> <u>2006</u> <i>(14 weeks)</i>	<u>December 25,</u> <u>2005</u> <i>(13 weeks)</i>	<u>December 31,</u> <u>2006</u> <i>(53 weeks)</i>	<u>December 25,</u> <u>2005</u> <i>(52 weeks)</i>
Revenues:				
Sales	\$ 18,284	\$ 14,604	\$ 62,650	\$ 54,706
Cost reimbursements	4,537	4,035	16,072	14,299
Management and license fees	<u>611</u>	<u>556</u>	<u>1,940</u>	<u>1,683</u>
Total revenues	<u>23,432</u>	<u>19,195</u>	<u>80,662</u>	<u>70,688</u>
Operating expenses:				
Cost of sales	5,188	4,151	17,764	15,446
Restaurant operating	10,698	8,857	37,242	32,844
Reimbursed costs	4,537	4,035	16,072	14,299
General and administrative	1,810	1,451	6,115	4,868
Depreciation and amortization	825	645	2,635	2,248
Pre-opening costs	-	24	440	301
Gain on sale of assets	<u>(20)</u>	<u>-</u>	<u>(20)</u>	<u>(5)</u>
Total operating expenses	<u>23,038</u>	<u>19,163</u>	<u>80,248</u>	<u>70,001</u>
Income (loss) from operations	394	32	414	687
Interest, net	(61)	(5)	(258)	(128)
Debt extinguishment costs	<u>-</u>	<u>-</u>	<u>(279)</u>	<u>-</u>
Income (loss) before benefit (provision) for income taxes and minority interest	333	27	(123)	559
Benefit (provision) for income taxes	1,268	98	3,406	(179)
Minority interest in net (profit) loss of subsidiaries	<u>(119)</u>	<u>195</u>	<u>(254)</u>	<u>559</u>
Net income	1,482	320	3,029	939
Preferred dividends accrued	<u>(12)</u>	<u>(12)</u>	<u>(50)</u>	<u>(50)</u>
Net income applicable to common stock	<u>\$ 1,470</u>	<u>\$ 308</u>	<u>\$ 2,979</u>	<u>\$ 889</u>
Net income per share applicable to common stock:				
Basic	<u>\$ 0.23</u>	<u>\$ 0.06</u>	<u>\$ 0.49</u>	<u>\$ 0.16</u>
Diluted	<u>\$ 0.22</u>	<u>\$ 0.05</u>	<u>\$ 0.48</u>	<u>\$ 0.14</u>
Weighted average shares outstanding:				
Basic	<u>6,351</u>	<u>5,726</u>	<u>6,093</u>	<u>5,692</u>
Diluted	<u>6,577</u>	<u>6,356</u>	<u>6,323</u>	<u>6,251</u>

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

The following table sets forth the reconciliation of net income applicable to common stock to earnings before interest, taxes, depreciation and amortization (EBITDA), before pre-opening costs:

	Three Months Ended		Year Ended	
	December 31, 2006 <i>(14 weeks)</i>	December 25, 2005 <i>(13 weeks)</i>	December 31, 2006 <i>(53 weeks)</i>	December 25, 2005 <i>(52 weeks)</i>
Net income applicable to common stock	\$ 1,470	\$ 308	\$ 2,979	\$ 889
Add:				
Interest, net	61	5	258	128
Debt extinguishment costs	--	--	279	--
(Benefit) provision for income taxes	(1,268)	(98)	(3,406)	179
Depreciation and amortization	825	645	2,635	2,248
Pre-opening costs	--	24	440	301
Minority interest	119	(195)	254	(559)
Preferred dividends	<u>12</u>	<u>12</u>	<u>50</u>	<u>50</u>
EBITDA	<u>\$ 1,219</u>	<u>\$ 701</u>	<u>\$ 3,489</u>	<u>\$ 3,236</u>