

GRILL CONCEPTS, INC.

NEWS RELEASE

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GRILL CONCEPTS REPORTS 2008 THIRD QUARTER FINANCIAL RESULTS

WOODLAND HILLS, Calif. – November 11, 2008 – Grill Concepts, Inc. (NASDAQ:GRIL), operators of *The Grill on the Alley* and *Daily Grill*-branded restaurants, as well as a newly launched quick casual concept *In Short Order – Daily Grill*, today reported financial results for its fiscal third quarter ended September 28, 2008.

Total revenues for the fiscal 2008 third quarter rose 14.5 percent to \$24.4 million from \$21.3 million in the same period a year ago. Sales at company-owned restaurants totaled \$16.7 million, up 4.7 percent over \$15.9 million in the 2007 fiscal third quarter, benefiting from new *Daily Grill* openings in Boston, MA and Fresno, CA. Management and license fees grew 29.0 percent to \$846,000 from \$656,000 in the prior-year period, primarily reflecting the opening of the Tulsa *Daily Grill* during the current third quarter and higher restaurant sales at the Seattle *Daily Grill*.

Consolidated comparable restaurant sales company-wide declined 8.0 percent for the third quarter of fiscal 2008, versus an increase of 9.1 percent in the year-ago third quarter. Comparable sales at *The Grill on the Alley*-branded restaurants declined 4.5 percent, versus very strong comparable restaurant sales gains of 15.7 percent in the prior-year third quarter. For the *Daily Grill* restaurants, comparable restaurant sales were down 10.7 percent for the fiscal 2008 third quarter, compared with an increase of 5.1 percent a year earlier.

“While the declines in comparable sales at our restaurants are disappointing, discretionary consumer spending has been severely impacted on a mass scale over escalating concerns about the economy,” said Philip Gay, president and chief executive officer. “We recognize the greater focus on conserving capital, and the board and management team have determined that a more conservative approach to further growth would be in the best interest of our company, team members and shareholders. Accordingly, we have temporarily halted our accelerated expansion plans for new restaurants which would require significant cash commitments for development, until such time when our nation’s economy eventually begins to show signs of recovery.”

As part of a plan to conserve capital, the company will be breaking away from certain new lease commitments for 2009 and, consequently, accrued estimated restructuring costs of \$1.7 million, equal to \$0.19 per share in its fiscal 2008 third quarter results. Grill Concepts also incurred additional litigation settlement expense of \$268,000, equal to \$0.03 per share, associated with the previously reported class-action lawsuit.

(more)

Primarily reflecting the company's operational performance in recent quarters and uncertainties surrounding the realization of cumulative net operating losses, management believes it is more likely than not that the deferred tax assets on the company's consolidated balance sheet will not be fully realizable in the foreseeable future and, in accordance with Financial Accounting Standards Board Interpretation No. 48, recorded a full valuation allowance against its net deferred tax assets at September 28, 2008 of \$7.9 million, or \$0.90 per share, resulting in a net tax provision of \$6.3 million for the fiscal 2008 third quarter.

Including the two non-recurring operating expenses and the unusual income tax provision discussed above, the company sustained a net loss applicable to common stock of \$11.1 million, equal to \$1.26 per share, in the fiscal 2008 third quarter, based on 8.8 million weighted-average shares outstanding. This compares with a net loss applicable to common stock of \$589,000, or \$0.07 per share, for the fiscal 2007 third quarter, based on 7.9 million weighted-averages shares outstanding. Loss before interest, taxes, depreciation and amortization, pre-opening costs, minority interest, restructuring costs and litigation settlement accruals amounted to \$589,000 for the 2008 fiscal third quarter. This compares with earnings before interest, taxes, depreciation and amortization, pre-opening costs and minority interest of \$428,000 in the third quarter a year ago.

During the fiscal 2008 third quarter, Grill Concepts opened two new restaurants – a *Daily Grill*-branded restaurant in the Tulsa Crowne Plaza in Tulsa, OK, mid-August and a *Grill on the Alley* in the Westlake Promenade in Thousand Oaks, CA on September 22, 2008. The company plans to open its seventh *Grill on the Alley*-branded restaurant in the Aventura Mall located in northeastern Miami-Dade County, Florida late this year, marking its fifth and final new restaurant opening for 2008. As previously announced, the company ended its management agreement with the Westin Beale Street Hotel for the Memphis *Daily Grill* effective September 30, 2008.

Gay added: “We have had great success to date since initiating our accelerating expansion plans two years ago, and, entering the final quarter of 2008, we look forward to celebrating our 25th anniversary of the company's first restaurant, the renowned *The Grill on the Alley* in Beverly Hills, in 1984. Today, we have two proven restaurant brands – one fine dining and one upscale casual – and the initial performance at our new quick casual concept looks promising. As a testament to the strength in our restaurant brands and the long term commitment to the growth of our company, our entire management team from the vice president level and up have agreed to a ten percent reduction in salary. In unison, Grill Concepts' board of directors agreed to temporarily forego 100 percent of their compensation. As previously reported, each participant will receive restricted stock in lieu of the interim reductions in compensation. We believe the increased investment from our strong shareholder base during the third quarter further underscores the promising prospects for our company. With the support and commitment of our board and management team, we are confident in our ability to successfully navigate the current environment and look forward to continuing to provide fresh, quality food daily with the best in service, one great meal at a time.”

Grill Concepts, Inc.
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Investor Conference Call

Management of Grill Concepts will host an investor conference call today at 2 p.m. PT (5 p.m. ET) to review the financial results. Investment professionals are invited to participate in the live call by dialing 888-421-4604 (domestic) or 973-935-8435 (international) using conference ID 72079674. The call will be open to all other interested parties through a live, listen-only audio Internet broadcast in the Investor Relations section of the company's Web site, www.dailygrill.com. For those who are not available to listen to the live broadcast, the call will be archived for one year. A telephonic playback of the conference call also will be available from approximately 4 p.m. PT on November 11, 2008 through November 14, 2008, by calling by calling 800-642-1687 (domestic) or 706-645-9291 (international) and using conference ID 72079674.

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 31 restaurants including six *The Grill on the Alley*-branded restaurants in Beverly Hills, Hollywood, San Jose and Westlake Village, California; Chicago, Illinois; and Dallas, Texas; 24 *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 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 and the expected construction cost of planned openings. 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 United States Securities and Exchange Commission.

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(tables follow)

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

(dollars in thousands, except per share data)
(unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 2008 | September 30, 2007 | September 28, 2008 | September 30, 2007 |
| Revenues: | | | | |
| Sales | \$ 16,675 | \$ 15,920 | \$ 52,299 | \$ 49,898 |
| Cost reimbursements | 6,889 | 4,748 | 19,478 | 14,216 |
| Management and license fees | 846 | 656 | 2,228 | 1,716 |
| Total revenues | <u>24,410</u> | <u>21,324</u> | <u>74,005</u> | <u>65,830</u> |
| Operating expenses: | | | | |
| Cost of sales | 4,889 | 4,518 | 15,054 | 14,264 |
| Labor | 6,293 | 5,855 | 19,315 | 18,041 |
| Restaurant operating | 3,124 | 2,810 | 9,110 | 8,089 |
| Occupancy | 1,452 | 1,158 | 4,232 | 3,671 |
| Reimbursed costs | 6,889 | 4,748 | 19,478 | 14,216 |
| General and administrative | 2,352 | 1,807 | 6,050 | 5,175 |
| Depreciation and amortization | 1,015 | 614 | 2,740 | 1,716 |
| Preopening costs | 857 | 555 | 1,573 | 799 |
| Restructuring Costs | 1,697 | — | 1,697 | — |
| Litigation claim settlement | 268 | — | 1,048 | — |
| Total operating expenses | <u>28,836</u> | <u>22,065</u> | <u>80,297</u> | <u>65,971</u> |
| Loss from operations | (4,426) | (741) | (6,292) | (141) |
| Interest, net | (173) | (7) | (320) | (192) |
| Loss before benefit for income taxes and minority interest | <u>(4,599)</u> | <u>(748)</u> | <u>(6,612)</u> | <u>(333)</u> |
| Benefit (provision) for income taxes | (6,304) | 296 | (5,469) | 131 |
| Loss before minority interest | <u>(10,903)</u> | <u>(452)</u> | <u>(12,081)</u> | <u>(202)</u> |
| Minority interest in net profit of subsidiaries | (169) | (137) | (122) | (239) |
| Net loss | <u>(11,072)</u> | <u>(589)</u> | <u>(12,203)</u> | <u>(441)</u> |
| Preferred dividends accrued | — | — | — | (6) |
| Net loss applicable to common stock | <u>\$ (11,072)</u> | <u>\$ (589)</u> | <u>\$ (12,203)</u> | <u>\$ (447)</u> |
| Net loss per share applicable to common stock: | | | | |
| Basic | <u>\$ (1.26)</u> | <u>\$ (0.07)</u> | <u>\$ (1.39)</u> | <u>\$ (0.06)</u> |
| Diluted | <u>\$ (1.26)</u> | <u>\$ (0.07)</u> | <u>\$ (1.39)</u> | <u>\$ (0.06)</u> |
| Weighted-average shares outstanding: | | | | |
| Basic | <u>8,801</u> | <u>7,929</u> | <u>8,798</u> | <u>6,948</u> |
| Diluted | <u>8,801</u> | <u>7,929</u> | <u>8,798</u> | <u>6,948</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 loss to loss before interest, taxes, depreciation and amortization (EBITDA), before preopening costs, minority interest, restructuring costs and litigation claim settlement accruals:

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | <u>September 28, 2008</u> | <u>September 30, 2007</u> | <u>September 28, 2008</u> | <u>September 30, 2007</u> |
| Net loss | \$(11,072) | \$ (589) | \$(12,203) | \$ (441) |
| Add (deduct): | | | | |
| Interest, net | 173 | 7 | 320 | 192 |
| Provision (benefit) for income taxes | 6,304 | (296) | 5,469 | (131) |
| Depreciation and amortization | 1,015 | 614 | 2,740 | 1,716 |
| Preopening costs | 857 | 555 | 1,573 | 799 |
| Minority interest | 169 | 137 | 122 | 239 |
| Restructuring costs | 1,697 | – | 1,697 | – |
| Litigation claim settlement | 268 | – | 1,048 | – |
| EBITDA (as defined) | <u>\$ (589)</u> | <u>\$ 428</u> | <u>\$ 766</u> | <u>\$ 2,374</u> |