

# GRILL CONCEPTS, INC.

NEWS RELEASE

CONTACTS:

Wayne Lipschitz  
Chief Financial Officer  
Grill Concepts, Inc.  
(818) 251-7070

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

## **GRILL CONCEPTS' BOARD OF DIRECTORS APPROVES PLAN TO TERMINATE REGISTRATION OF ITS COMMON STOCK**

**WOODLAND HILLS, CA, December 9, 2008** – Grill Concepts, Inc. (Nasdaq: GRIL) today announced that a special committee of independent directors has recommended, and its board of directors has approved, plans to cease the registration of the company's common stock under federal securities laws following the completion of a reverse/forward split transaction and to withdraw its shares of common stock from listing on the Nasdaq Capital Market.

Grill Concepts is taking these steps to avoid the substantial and increasing cost and expense of being an SEC reporting company and of regulatory compliance under the Sarbanes-Oxley Act of 2002, and to focus the company's resources on increasing long-term stockholder value. The company anticipates savings exceeding \$750,000 on an annual basis as a result of the proposed deregistration and delisting transaction.

The board of directors decided to propose these steps after concluding that the disadvantages of remaining an SEC reporting company, including compliance with the internal control provisions of the Sarbanes-Oxley Act, outweigh the benefits to the company and its stockholders. Among the factors considered were:

- the significant ongoing costs and management time and effort related to compliance with the Sarbanes-Oxley Act, including with the internal control provisions of Section 404 of that act;
- the significant ongoing costs and management time and effort involved in the preparation and filing of periodic and other reports with the SEC;
- the limited trading volume and liquidity of the Company's shares of common stock;
- the small effect of the proposed transaction on the relative voting power of continuing stockholders;
- the business and operations of the company are expected to continue substantially as presently conducted, except without the burden of the public company costs;

(more)

- enabling the company's smallest stockholders, who represent a disproportionately large number of its record holders, to liquidate their holdings in shares of common stock and receive a premium over current market prices without incurring brokerage commissions;
- the determination by Morgan Joseph & Co. Inc., the independent financial advisor to the special committee, that the transaction consideration for the fractional shares is fair from a financial point of view to the unaffiliated stockholders; and
- as a result of the deregistration and delisting, the ability of the company's management and employees to focus their time, effort and resources on long-term growth and increasing long-term stockholder value.

In order to deregister its shares of common stock, the company will need to reduce its number of stockholders of record to below 300. To accomplish this, the board of directors is proposing to amend Grill Concepts' certificate of incorporation to effect a reverse stock split, which would immediately be followed by a forward stock split. The special committee of the board of directors has tentatively determined a reverse/forward stock split ratio of 1-for-35 shares. As a result, and assuming this ratio is used, record holders owning less than 35 shares of common stock will receive a cash payment of \$1.50 per share, and record holders owing 35 or more shares of common stock will retain their current numbers of shares of common stock without change. The company also anticipates making this payment available to its beneficial owners who own less than 35 shares of common stock (assuming this ratio is used) at the time the reverse stock split is completed.

The special committee and the board each have reserved the right to change the ratio of the stock splits or to choose an alternative to the stock splits to the extent they believe it is necessary or desirable in order to accomplish the goal of reducing the number of record holders to below 300. They may also abandon the proposed stock splits at any time prior to the completion of the proposed transaction if they believe that the proposed transaction is no longer in the best interests of the company or its stockholders.

Management and the company's board have directed its financial advisor, Morgan Joseph & Co., to continue discussions and evaluation of other strategic and financial alternatives that may be available to Grill Concepts. In the event that viable alternatives arise that are superior to the stock split plans discussed above, management and the board may choose to abandon or modify the stock split transaction in favor of an alternative transaction.

The stock splits will be considered at a special meeting of the company's stockholders expected to be held during the first quarter of 2009. Subject to regulatory clearance of the company's filings relating to the

stock splits and approval of the stock splits by the stockholders, it is anticipated that the proposed transaction will become effective shortly after the special meeting, at which time the company will terminate the registration of its common stock with the Securities and Exchange Commission and de-list its common stock from the Nasdaq Capital Market.

**THIS PRESS RELEASE IS ONLY A BRIEF DESCRIPTION OF THE PROPOSED TRANSACTION. IT IS NOT A REQUEST FOR OR SOLICITATION OF A PROXY OR AN OFFER TO ACQUIRE OR SELL ANY SHARES OF COMMON STOCK. THE COMPANY INTENDS TO FILE A PROXY STATEMENT AND OTHER REQUIRED MATERIALS, INCLUDING A SCHEDULE 13E-3, WITH THE SECURITIES AND EXCHANGE COMMISSION CONCERNING THE PROPOSED STOCK SPLITS. A COPY OF ALL FINAL PROXY MATERIALS WILL BE SENT TO STOCKHOLDERS PRIOR TO A SPECIAL MEETING OF STOCKHOLDERS AT WHICH OUR STOCKHOLDERS WILL BE ASKED TO VOTE ON THE PROPOSALS DESCRIBED IN THE MATERIALS PROVIDED BY THE COMPANY. WE URGE ALL STOCKHOLDERS TO READ THE PROXY STATEMENT WHEN IT BECOMES AVAILABLE, AS WELL AS ALL OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THOSE DOCUMENTS WILL INCLUDE IMPORTANT INFORMATION. A FREE COPY OF ALL MATERIALS WE FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING OUR SCHEDULE 13E-3 AND PROXY STATEMENT, WILL BE AVAILABLE AT NO COST ON THE SEC'S WEBSITE AT WWW.SEC.GOV. WHEN THOSE DOCUMENTS BECOME AVAILABLE, THE PROXY STATEMENT AND OTHER DOCUMENTS FILED BY THE COMPANY MAY ALSO BE OBTAINED WITHOUT CHARGE BY DIRECTING A REQUEST TO GRILL CONCEPTS, INC. 6300 CANOGA AVENUE, SUITE 1700, WOODLAND HILLS, CALIFORNIA 91367, ATTENTION: SECRETARY.**

**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 32 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; 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.

**Forward Looking Statements**

*This press release may contain forward-looking statements that are being made pursuant to the Private Securities Litigation Reform Act of 1995, which provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information so long as those statements are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statement. Our forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results, performance or achievements to differ materially from those described or implied in the forward-looking statements.*

(more)

*Accordingly, actual results may differ materially from such forward-looking statements. Our forward-looking statements relating to the transaction discussed above are based on our current expectations, assumptions, estimates and projections about the Company and involve significant risks and uncertainties, including the many variables that may impact our projected cost savings, variables and risks related to consummation of the transaction, SEC regulatory review of our filings related to the transaction, and the continuing determination of the Board of Directors and special committee that the transaction is in the best interests of all stockholders. The Company assumes no obligation for updating any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.*

# # #