

Max & Erma's Restaurants, Inc. Reports Second Quarter Results  
2007-06-14

Seven remodeled locations generating positive same-store sales

**Second Quarter Highlights:**

- \* Seven remodeled locations generating positive same-store sales
- \* Three Company-owned restaurants scheduled to open in fourth quarter of 2007
- \* Three franchised locations planned for the balance of 2007.

Financial Summary (Unaudited)

(In thousands, except per share data)

	12 Weeks Ended		28 Weeks Ended	
	5/13/07	5/14/06	5/13/07	5/14/06
Revenues	\$41,135	\$42,781	\$96,656	\$100,399
Operating Income	\$279	\$655	\$2,128	\$986
Income (Loss) Before Taxes	\$(512)	\$(29)	\$248	\$(522)
Net Income (Loss)	\$(102)	\$162	\$648	\$130
Diluted Net Income (Loss) per Common Share	\$(0.04)	\$0.06	\$0.25	\$0.05
Diluted Shares Outstanding	2,556	2,556	2,554	2,559

Max & Erma's Restaurants, Inc. (Nasdaq/GM:MAXE) today reported second quarter 2007 financial results.

The Company reported that second quarter 2007 revenues declined 3.8% from \$42.8 million for the second quarter of 2006 to \$41.1 million for the second quarter of 2007. The Company reported a net loss of \$102,000 or \$(0.04) per diluted share for the second quarter of 2007 as compared to net income of \$162,000 or \$0.06 per diluted share for the second quarter of 2006. Year-to-date Max & Erma's reported that revenues fell 3.7% to \$96.7 million for 2007 from \$100.4 million in 2006. Year-to-date the Company reported net income of \$648,000 or \$0.25 per diluted share versus net income of \$130,000 or \$0.05 per diluted share in 2006. Net income for 2006 was negatively impacted by a \$505,000 pre-tax asset impairment charge recorded in the first quarter of 2006.

Todd Barnum, Chairman and Chief Executive Officer of Max & Erma's said the sales declines were consistent with the same-store sales declines of 3.4% and 3.5% for the second quarter of 2007 and the year-to-date period. Additionally, he noted that the Company has closed three lower sales volume restaurants over the last eighteen months. Sales at the Company's newest restaurant in Springboro, Ohio, the first of its new prototype design, almost entirely offset the loss of sales from the three closings. Mr. Barnum said it remains a difficult sales environment, particularly in the mid-west, with the recent spike in gas prices impacting consumer spending even further.

Mr. Barnum said he was disappointed with restaurant margins, which slipped a full percentage point from last year. However, most of that was related to the sales decline and relatively high fixed expenses associated with restaurant operations. Mr. Barnum said a sharp rise in utilities and the increase in the Ohio minimum wage also put pressure on restaurant margins.

On a positive note, Mr. Barnum reported that late in the quarter, the Company remodeled two restaurants to its new prototype look. Through the first three weeks of the third quarter, the two restaurants were up 15% in sales. He also noted that all seven restaurants remodeled to the new look over the last two years were up 5% in sales during the same period while the Company in total continues to see sales trends similar to the second quarter of 2007.

Mr. Barnum reported that franchise revenues have grown 30% thus far in 2007. He said that plans currently call for the opening of three additional franchised locations plus three additional Company-owned locations during the remainder of 2007. Franchised locations are expected to open in Merrillville, Indiana; a Sharonville, Ohio Holiday Inn and Myrtle Beach, South Carolina. Company-owned restaurants are planned for Pickerington, Ohio; Washington, Pennsylvania and Clinton Township, Michigan.

Max & Erma's currently owns and operates 77 casual dining full-service restaurants in Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Niles and Toledo, Ohio; Indianapolis, Indiana; Ann Arbor, Detroit, Grand Rapids, and Lansing Michigan; Pittsburgh and Erie, Pennsylvania; Lexington and Louisville, Kentucky; Chicago, Illinois; Charlotte, North Carolina; Atlanta, Georgia; Virginia Beach and Norfolk, Virginia. The Company also currently franchises 23 restaurants in Chillicothe, Cincinnati, Cleveland, Columbus, Dayton, Findlay, Sandusky, and Wilmington, Ohio; Detroit, Michigan; St. Louis, Missouri; Philadelphia, Pennsylvania; Edinburg, Evansville, Seymour and South Bend, Indiana and Richmond, Norfolk and Virginia Beach, Virginia. The Company's common shares are traded on the NASDAQ Global Market System under the symbol

MAXE.

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