

Benihana Inc. Reports Fiscal Fourth Quarter & Fiscal 2007 Results

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Diluted EPS of \$0.35 & \$1.26, Respectively

Benihana Inc. (NASDAQ: BNHNA; BNHN), operator of the nation's largest chain of Japanese theme and sushi restaurants, today reported results for its 13-week fiscal fourth quarter and 53-week fiscal year ended April 1, 2007.

Highlights for the Company's 13-week fiscal fourth quarter 2007 relative to the 12-week fiscal fourth quarter 2006 include:

- œ Diluted earnings per share of \$0.35 vs. \$0.35
- œ Total restaurant sales increased 17.2% to \$71.2 million
- œ Company-wide comparable restaurant sales increased 5.7%
- œ Restaurant operating profit of \$12.1 million vs. \$12.3 million
- œ Income from operations of \$5.9 million vs. \$5.7 million

Highlights for the Company's 53-week fiscal 2007 relative to the 52-week fiscal 2006 include:

- œ Diluted earnings per share of \$1.26 vs. \$1.36
- œ Total restaurant sales increased 11.1% to \$271.1 million
- œ Company-wide comparable restaurant sales increased 8.5%
- œ Restaurant operating profit of \$45.6 vs. \$45.6 million
- œ Income from operations of \$21.8 million vs. \$23.1 million

"Fiscal 2007 is best characterized as a year of sound financial results and notable achievements at our Company. We generated robust comparable sales and guest count growth across all three concepts, and thereby reinforced our status as the premier destination for Japanese theme and sushi dining. We forged ahead with our restaurant growth initiatives and currently have in development more locations than at any other time in our 43 year history. We put in place a new credit facility that will provide the capital necessary to finance our growth. Finally, we further substantiated the soundness of our remodeling program with the progress we have made in meeting our performance targets. As we look ahead, we have utmost confidence in our executional abilities and look forward to continued success at Benihana for years to come," said Joel A. Schwartz, Chairman and Chief Executive Officer.

Fiscal Fourth Quarter 2007 Results

For the 13-week fiscal fourth quarter 2007, total revenues increased 17.0% to \$71.6 million, compared with \$61.2 million in the fiscal fourth quarter of 2006. Total restaurant sales grew 17.2% to \$71.2 million from \$60.8 million in the same quarter of the previous year. Company-wide comparable restaurant sales were 5.7%, including 4.7% at Benihana teppanyaki, 9.2% at RA Sushi, and 9.1% at Haru.

Restaurant sales for the fiscal fourth quarter 2007 included a \$3.2 million increase from the comparable base, \$5.4 million from new and acquired restaurants, and \$5.5 million from the additional 13th operating week of the fiscal quarter. Restaurant sales decreased by \$3.2 million, net, during the fiscal fourth quarter 2007, as a result of temporary closures. Benihana teppanyaki restaurants in Burlingame, CA; Ft. Lauderdale, FL; Miami Beach, FL; and Torrance, CA were temporarily closed for renovation or maintenance during the period. Additionally, restaurant sales totaling \$0.5 million were lost from a sold unit.

During the fiscal fourth quarter 2007, the Company did not open any new restaurants, but realized a gain of 131 operating weeks (975 vs. 844) compared to the same period last year, including an incremental 75 operating weeks related to the additional 13th week of the fiscal quarter.

Restaurant operating profit for the fiscal fourth quarter 2007 was \$12.1 million, or 17.1% of restaurant sales, compared to \$12.3 million, or 20.2% of restaurant sales a year-ago. The Company was negatively impacted by higher cost of sales, labor and occupancy costs. The ongoing renovation program impacted operating profit by approximately \$0.6 million in the fiscal fourth quarter 2007 due to ongoing expenses incurred during periods of temporary closure as well as additional depreciation charges. Restaurant operating profit for the four units closed for renovation aggregated approximately \$1.0 million during the fiscal fourth quarter 2006.

Total operating expenses for the fiscal fourth quarter 2007 were \$65.7 million, or 92.3% of restaurant sales, compared to \$55.5 million, or 91.3% of restaurant sales in the same period last year, resulting in income from operations of \$5.9 million and \$5.7 million, respectively, for the two periods.

Net income for the fiscal fourth quarter 2007 was \$4.1 million, or \$0.35 in diluted earnings per share, compared to \$3.9 million, or \$0.35 in diluted earnings per share in the same quarter last year. The fiscal fourth quarter 2007 had approximately 2.7% more average shares and equivalent shares outstanding than the same period last year.

Fiscal 2007 Results

Total revenues for the 53-week fiscal 2007 increased 11.0% to \$272.6 million, compared to \$245.6 million in the 52-week fiscal 2006. Total restaurant sales increased 11.1% to \$271.1 million from \$244.0 million in the previous year. Company-wide comparable restaurant sales were 8.5%, including 7.4% at Benihana teppanyaki, 13.3% at RA Sushi, and 11.0% at Haru. Additionally, restaurants that were closed temporarily for rejuvenation resulted in a loss of 191 restaurant operating weeks during the fiscal year.

Net income for fiscal 2007 was \$14.5 million, or \$1.26 in diluted earnings per share, compared to \$14.6 million, or \$1.36 in diluted earnings per share last year. Fiscal year 2007 had approximately 7.9% more average shares and equivalent shares outstanding than the prior year.

Guidance

Beginning in fiscal 2008, the Company will no longer provide quarterly earnings guidance.

Mr. Schwartz explained, "With the onset of the new fiscal year, we are implementing a new guidance policy which communicates our expectations on an annualized basis across various line-items. We believe this approach has greater utility in assessing the health of our business than our previous methodology and better aligns our investor communications with the longer term outlook we employ to manage current operations as well as implement our growth strategy."

The Company, however, will provide the following annual guidelines and will update these assumptions as circumstances warrant:

- œ Total restaurant sales of \$300 million to \$305 million, and 3,870 to 3,985 in total restaurant operating weeks (including the effect of 150 to 170 in gross operating weeks that are expected to be lost due to remodels);
- œ The opening of two Benihana teppanyaki restaurants, six RA Sushi restaurants, and two Haru restaurants;
- œ The completion of a total of 17 Benihana teppanyaki remodels to date by the end of fiscal 2008, with an additional four that will be started in fiscal 2008 and completed during fiscal 2009;
- œ Cost of sales and labor, as percentages of restaurant sales, are expected to be slightly more favorable on an annualized basis compared to fiscal 2007;
- œ Additional infrastructure to support new unit development and management of a larger restaurant portfolio compared to fiscal 2007, and consequently, general and administrative expenses, as a percentage of total revenue, are expected to be higher on an annualized basis compared to fiscal 2007;
- œ Capital expenditures of approximately \$60 million.

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