

Granite City Food & Brewery Ltd. Reports 28% Increase in Second Quarter Revenues

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Comparable Restaurant Sales Increase 1.2%

Granite City Food & Brewery Ltd. (Nasdaq:GCFB) a Modern American upscale casual restaurant chain, today reported results for the second quarter ended June 26, 2007.

Financial highlights for the second quarter compared to the same quarter last year were as follows:

- * Total revenues increased 28% to \$18.5 million
- * Comparable restaurant sales increased 1.2%
- * General and administrative expenses declined by 90 bps to 10.3% of sales from 11.2% of sales

Second Quarter 2007 Financial Results

Total revenues for the second quarter 2007 rose by 28% to \$18.5 million compared to \$14.4 million for the second quarter of 2006. Comparable restaurant sales increased 1.2% during the second quarter of 2007 compared to a tough comparison of a strong 5.1% increase in comparable restaurant sales for the second quarter of 2006. In summary, the two year increase during the second quarters of 2006 and 2007 was 6.3%.

For all the restaurants, restaurant-level EBITDA margin was 15.1% for the second quarter of 2007. The restaurant-level EBITDA margin for the comparable restaurants was 17.4% for the second quarter of 2007. The overall restaurant-level EBITDA margin was negatively impacted by the newer restaurants that delivered a restaurant-level EBITDA margin of 11.6%. This impact was primarily the result of restaurants that opened during the last four months of 2006. New restaurants typically take six to twelve months to improve their operating efficiencies as staff members become more experienced in our disciplined production and staffing methods thereby generating less waste and more productivity. We are confident that as our newer restaurants mature and gain efficiencies, our overall blended margins will increase towards our targeted restaurant-level EBITDA margin of 18 to 20%. With our comparable restaurants already close to that level, our concentration will continue to be on the improvement of our newer stores EBITDA margin.

General and administrative expenses fell to 10.3% of sales for the second quarter of 2007 compared to 11.2% for the second quarter of 2006. This decline represented continued progress in leveraging corporate G&A expense across a greater number of restaurants.

The net loss for the second quarter of 2007 was \$1.4 million or \$(0.09) per share.

'Our comparable restaurants operated well during the second quarter. During this tough operating environment, achieving a strong operating margin showcases our brand appeal, talented management infrastructure and efficient operating systems,' commented Steve Wagenheim, Granite City's CEO. 'We are encouraged by our positive comparable restaurant sales which we believe are directly related to the experience and value that we deliver to our guests.'

New Restaurant Openings and Other News

The Company opened one new restaurant in Rockford, Illinois on July 3, 2007, and remains on track to open as many as 6 additional restaurants in fiscal 2007. 'We are very pleased with the sales volume and superior execution of operations that focuses on a strong guest experience at our newest restaurant in Rockford,' commented Steve Wagenheim. 'Our major initiatives for the remainder of 2007 include continuing to improve our operations along with a focus on improving profitability within the four walls of each restaurant. As we continue to grow our concept, we believe we will continue to improve our operating margins by lowering our costs ratios at both the restaurant level and G&A support level.'

In July 2007, Granite City was announced as a Hot Concepts award winner by Nation's Restaurant News. This elite award is given annually to six emerging restaurant brands that have distinguished themselves as fast-growing, financially proven overachievers that are on their way to becoming tomorrow's giants according to Nation's Restaurant News.

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