

## Benihana Inc. Reports Fiscal First Quarter 2008 Results

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Benihana Inc. (NASDAQ: BNHNA, BNHN), operator of the nation's largest chain of Japanese theme and sushi restaurants, today reported results for its 16-week fiscal first quarter 2008 ended July 22, 2007.

Highlights for the Company's 16-week fiscal first quarter 2008 relative to the 16-week fiscal first quarter 2007 include:

Total restaurant sales increased 12.6% to \$89.4 million

Company-wide comparable restaurant sales increased 6.4%

Restaurant operating profit of \$15.7 million vs. \$14.1 million

Income from operations of \$6.6 million vs. \$6.8 million

"The unique nature of our Benihana teppanyaki experience and the popularity of Asian cuisine in general has preserved our positive comparable sales comparisons across all three of our concepts despite strong macro economic headwinds that have adversely affected our industry. While our restaurant-level profitability as a percentage of sales was on par with the prior year period, additional expense associated with renovation and infrastructure negatively impacted our earnings compared to the year-ago quarter," said Joel A. Schwartz, Chairman and Chief Executive Officer.

Mr. Schwartz added, "In fiscal 2008, we intend to complete the majority of our teppanyaki remodels, which have already proven to be an excellent use of our capital. We will also invest in advance of growth, making needed preparations to support eight restaurant openings, and our broader pipeline of high quality locations. These expenditures are critical to the future of our Company and will position Benihana for meaningful earnings growth over the coming years. We are fully confident that we will emerge from this period positioned to fully realize the potential of our brands."

### **Fiscal First Quarter 2008 Results**

For the 16-week fiscal first quarter 2008, total revenues increased 12.6% to \$89.9 million, compared with \$79.9 million in the fiscal first quarter of 2007. Total restaurant sales grew 12.6% to \$89.4 million from \$79.4 million in the same quarter of the previous year. Company-wide comparable restaurant sales increases were 6.4%, including 6.2% at Benihana teppanyaki, 4.4% at RA Sushi, and 10.3% at Haru.

Restaurant sales for the fiscal first quarter 2008 included a \$4.8 million increase from the comparable base as well as \$5.2 million from new and acquired restaurants, net of closures. Benihana teppanyaki restaurants in Torrance, CA, Ft. Lauderdale, FL, and Miami Beach, FL reopened during the period after their remodels were completed. The Benihana teppanyaki restaurant in Burlingame, CA was closed for the entire fiscal first quarter 2008 due to renovations, but reopened during the second fiscal quarter 2008 on August 14, 2007.

During the fiscal first quarter 2008, the Company opened a new Benihana teppanyaki restaurant in Maple Grove, MN and a new RA Sushi restaurant in Lombard, IL. The Company also realized a gain of 95 operating weeks (1,219 vs. 1,124) compared to the same period last year.

Restaurant operating profit for the fiscal first quarter 2008 was \$15.7 million, or 17.6% of restaurant sales, compared to \$14.1 million, or 17.7% of restaurant sales a year-ago. Increasing commodity costs and minimum wage rates were offset by menu price increases implemented at the teppanyaki restaurants.

Total operating expenses for the fiscal first quarter 2008 were \$83.4 million, or 93.3% of restaurant sales, compared to \$73.1 million, or 92.0% of restaurant sales in the same period last year, resulting in income from operations of \$6.6 million and \$6.8 million, respectively.

Net income for the fiscal first quarter 2008 was \$4.2 million, or \$0.25 in diluted earnings per share, compared to \$4.5 million, or \$0.26 in diluted earnings per share in the same quarter last year.

### **Guidance**

The Company is providing the following guidance for fiscal 2008 and will update these assumptions as circumstances warrant:

Total restaurant sales of \$300 million to \$305 million, and 4,000 to 4,125 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),

The opening of two Benihana teppanyaki restaurants, six RA Sushi restaurants, and two Haru restaurants. To date, the Company has opened one Benihana in Maple Grove, MN and one RA Sushi in Lombard, IL,

The completion of a total of seventeen Benihana teppanyaki remodels to date by the end of fiscal 2008, along with an additional four that will be started in fiscal 2008 and completed during fiscal 2009. To date, the Company has completed twelve remodels,

A total of \$2.4 million in accelerated depreciation costs, of which approximately \$1.9 million will be incurred in the first half of the year, related to shortening the useful lives for those restaurants affected by the ongoing renovation and revitalization program,

Cost of sales and labor, as percentages of restaurant sales, are expected to be slightly favorable on an annualized basis compared to fiscal 2007,

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 restaurant sales, are expected to be higher on an annualized basis compared to fiscal 2007 by approximately 90 basis points,

Capital expenditures of approximately \$60 million, during the current fiscal year, and

Utilize between \$20 million and \$30 million of the available line of credit, resulting in net interest expense for the current fiscal year.

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