

## Granite City Food & Brewery Ltd. Reports 15.9% Increase in Fourth Quarter Revenues

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Granite City Food & Brewery Ltd. (Nasdaq:GCFB) a Modern American upscale casual restaurant chain, today reported results for the fourth quarter and full year ended December 25, 2007.

Highlights for the fourth quarter 2007 compared to the same quarter last year were as follows:

Total revenues increased 15.9% to \$19.7 million

Comparable restaurant sales decreased 2.6%

Opened new restaurants in Rogers, Arkansas, East Peoria, Illinois, and Orland Park, Illinois

#### Fourth Quarter 2007 Financial Results

Total revenue for the fourth quarter 2007 rose by 15.9% to \$19.7 million compared to \$17.0 million for the fourth quarter of 2006. Comparable restaurant sales decreased 2.6% during the fourth quarter of 2007 compared to an 8.3% increase in comparable restaurant sales for the fourth quarter of 2006.

For all the restaurants, the restaurant-level EBITDA margin was 11.9% for the fourth quarter of 2007. The restaurant-level EBITDA margin for the comparable restaurants was 14.6% for the fourth quarter of 2007. The overall restaurant-level EBITDA margin was negatively impacted by newer restaurants, primarily those that opened during the last quarter of 2007. 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 believe that as our newer restaurants mature and gain efficiencies, our overall blended margins will increase. The Company also opened three additional restaurants in early 2008 which created additional oversight challenges during the fourth quarter 2007.

General and administrative expenses were \$3.0 million or 15.0% of sales for the fourth quarter of 2007 compared to \$2.1 million or 12.4% of sales for the fourth quarter of 2006. Included in the fourth quarter 2007 figure were approximately \$400,000 related to severance and employment expense and \$135,000 of write-offs related to lease and financing initiatives. Based on current operations and expected sales growth, the Company expects general and administration costs to be less than 10% of sales for full year 2008.

The net loss for the fourth quarter of 2007 was \$4.5 million or \$(0.28) per share.

#### Full Year 2007 Financial Results

Revenue increased 30.2% to \$75.9 million for the fifty-two weeks ended December 25, 2007 compared to \$58.3 million for the full year 2006, aided by the four new restaurants added in 2007 and the 1.0% increase in full year 2007 comparable restaurant sales.

For all the restaurants, the restaurant-level EBITDA margin was 13.5% for the fifty-two weeks ended December 25, 2007. The restaurant-level EBITDA margin for the comparable restaurants was 15.8% for this same period. Similar to fourth quarter margins, the overall restaurant-level EBITDA margin was negatively impacted by newer restaurants open for less than one year.

General and administrative expenses were \$8.6 million or 11.4% of sales for the fifty-two weeks ended December 25, 2007 compared to \$6.8 million or 11.7% of sales for the full year 2006.

The net loss for the fifty-two weeks ended December 25, 2007 was \$9.6 million or \$(0.62) per share compared to a net loss of \$5.5 million or \$(0.42) per share for the full year 2006.

'The fourth quarter was not an easy time period for the casual dining sector,' commented Steve Wagenheim, Granite City's CEO and President. 'While external forces are creating a difficult environment for the brands in this sector, many of our challenges are related to the operating initiatives we have previously outlined to our investors. To date, even though our numbers do not yet reflect the many steps we have taken to improve our management, food costs and general oversight, we are encouraged about the progress made in a short period of time. For example, we have rounded out our executive team with the hiring of Darius Gilanfar, SVP of Operations, and Jim Gilbertson, Chief Financial Officer, our DOs (district operators) are now managing 4-5 stores compared to a high of seven stores, we have developed a working tool box that provides a formal reporting mechanism for the DOs and store managers, we have set up a national recruiting network to ensure a consistent flow of top candidates, 85% of our management team has now been fully assessed using a ranking and testing system to ensure strong store level management, and we have introduced a Steward program in our stores to oversee and manage food costs. We have many other initiatives underway and look forward to discussing the progress made on these initiatives and others in our upcoming conference call,' continued Wagenheim.

'As we approach an annual run-rate of \$100 million in sales we have taken the time to ensure that we move from a great restaurant concept to a great restaurant company. With this in mind our management team has been very proactive in making sure that action plans are in place and being executed to ensure that our four core rivets, product, people, development and funding, are intact and operating in the best possible manner. As we move through this stage of growth, our challenges lie in the need to resolve people and growth-related issues and not core conceptual issues such as product, price or value proposition - areas in which we have great confidence. With an average of almost 1,000 guest visits per store per day, we feel very good about the future of Granite City,' continued Wagenheim.

#### New Restaurant Openings

The Company opened four new restaurants in 2007 including: Rockford, Illinois on July 3, 2007, Rogers, Arkansas on October 16, 2007, East Peoria, Illinois on October 30, 2007, and Orland Park, Illinois on December 18, 2007. To date, in 2008 the Company has opened the following new restaurants: Creve Coeur, Missouri on January 15, 2008, Fort Wayne, Indiana on January 29, 2008, and Toledo, Ohio on February 12, 2008.

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