

Sbarro, Inc. Announces Results of Operations for the Quarter Ended March 30, 2008

2008-05-13

Revenues were \$83.2 million for the quarter ended March 30, 2008 as compared to combined revenues \$80.5 million for the quarter ended April 1, 2007.

Sbarro, Inc. announced today results of operations for the quarter ended March 30, 2008. The Company's detailed results are included in its Report on Form 10-Q, which was filed with the SEC on May 12, 2008.

First Quarter Financial Results

Revenues were \$83.2 million for the quarter ended March 30, 2008 as compared to combined revenues \$80.5 million for the quarter ended April 1, 2007. Revenues increased as a result of revenues generated by new company owned stores opened in 2007 and the first quarter of 2008 and same stores sales growth of .3% in our company owned stores.

Net loss for the quarter ended March 30, 2008 was \$2.8 million as compared to a combined net loss of \$33.2 million for the quarter ended April 1, 2007. Included in the combined net loss for the quarter ended April 1, 2007 was \$31.4 attributable to special event bonuses in connection with the Merger. The increase in net loss after eliminating the special event bonus was \$1.0 million.

EBITDA, as calculated in accordance with the terms of the Company's bank credit agreement, was \$7.6 million for the quarter ended March 30, 2008 as compared to \$9.9 million for the quarter ended April 1, 2007. The decline in EBITDA is primarily a result of increased costs, including commodity costs, while comparable store sales remained relatively flat.

Peter Beaudrault, Chairman of the Board, President and CEO of Sbarro, commented, "Our first quarter results reflect the continuing economic pressures on consumer spending along with continuing commodity price increases as compared to the first quarter of 2007. Our team continues to drive new store openings even in these challenging times as we opened five company owned restaurants and 19 franchised restaurants in the quarter. Our international franchise store pipeline is in excess of 1,100 stores at the end of the quarter."

MidOcean Partners' Acquisition of Sbarro

On January 31, 2007, MidOcean SBR Acquisition Corp., an indirect subsidiary of MidOcean SBR Holdings, LLC ("Holdings"), an affiliate of MidOcean Partners III, L.P., and certain of its affiliates ("MidOcean") merged with and into the Company (the "Merger") in exchange for consideration of \$450 million in cash, subject to certain adjustments. As a result of the Merger, the Company is now an indirect wholly owned subsidiary of Holdings.

In addition, the former shareholders received a distribution of the cash on hand in excess of (i) \$11 million, plus (ii) all amounts required to be paid in connection with various special event bonuses paid in connection with completion of the Merger.

In connection with the Merger, the Company transferred interests in certain non-core assets to a newly formed company owned by certain of our former shareholders. There was no additional consideration given for the transfer of these assets as they were treated as a dividend. The assets and related costs that we transferred (the "Withdrawn Assets") were:

the interests in Broadhollow Realty LLC. and Broadhollow Fitness Center LLC., which owned the corporate headquarters of the Company, the fitness center and the assets of the Sbarro Café located at the corporate headquarters,

a parcel of undeveloped real property located in East Northport, New York,

the interests in Boulder Creek Ventures, LLC and Boulder Creek Holdings, LLC, which own a 40% interest in a joint venture that operates 15 steakhouses under "Boulder Creek" and other names, and

the interest in Two Mex-SS, LLC, which owns a 50% interest in a joint venture that operates two tex-mex restaurants under the "Baja Grill" name.

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