

Shells Seafood Restaurants, Inc. Files Petition for Reorganization Under Chapter 11

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Shells Seafood Restaurants, Inc. (OTC:SHLL) (BULLETIN BOARD: SHLL) today announced that it has filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

The filing was made in the U.S. Bankruptcy Court for the Middle District of Florida, Tampa Division. Shells owns eighteen restaurants with a partial interest in two additional restaurants, but today closed operations at eight locations. The eight closed restaurants are located in Ocala, Winter Park, Orlando, Kissimmee, Winter Haven, St Petersburg, Holmes Beach and Ft Myers. Four other "Shells" locations managed and operated by the company, as well as the partially owned and managed "Rock Beach Grill" restaurant, are not included in this petition.

The core group of the remaining ten restaurants owned by Shells are expected to conduct business as usual without interruption, providing their many loyal customers with the same high level of service and quality to which they have become accustomed.

Chief Executive Officer Marc Bernstein said, "The restaurant industry has been negatively affected by the economic downturn, as recently reflected by the closings of Bennigan's and Steak and Ale restaurant chains. This downturn has affected some of the marginal stores operated by Shells and necessitated the Chapter 11 filings and store closings. The ten remaining restaurants have the strongest historical performance or the greatest potential for the future. It is our goal to emerge from Chapter 11 as soon as we can with a capital structure and a balance sheet that will allow us to continue to operate."

Shells is currently pursuing various sources of post-petition financing but has not received any financing commitments. There is no assurance that Shells will obtain any additional financing.

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