

The Restaurant Company
Perkins Restaurant & Bakeries

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The Restaurant Company Announces Results for Third Quarter 2005

MEMPHIS, TN, DECEMBER 19, 2005 -- - The Restaurant Company, operator of the Perkins Restaurant and Bakery chain, today reported revenues of \$81,084,000 for the third quarter ended October 2, 2005 and \$270,680,000 year-to-date. Revenues for the third quarter ended October 3, 2004 were \$78,368,000 and \$261,157,000 year-to-date

Food sales, which consist of restaurant sales, totaled \$64,315,000 for the quarter and \$218,079,000 year to date. Comparable sales in company-operated restaurants increased 0.9% for the third quarter and have increased 1.0% year-to-date.

Sales at the Company's manufacturing division, Foxtail Foods, totaled \$11,420,000 for the quarter, an increase of approximately 20% versus the prior year. On a year-to-date basis, Foxtail sales totaled \$35,578,000, an increase of 33%. These increases are primarily due to an increase in pie sales to outside parties as a result of the Foxtail pie plant expansion in the third quarter of 2004.

Franchise revenues were \$5,349,000 in the quarter, an increase of 2.2%, and \$17,023,000 year-to-date, an increase of 1.5% versus the prior year. Through October 2, 2005, the Company opened 9 new franchise restaurants.

Net loss for the third quarter of 2005 was \$7,542,000, compared to net income of \$1,314,000 for the third quarter of 2004. Year-to-date, the Company reported a net loss of \$4,258,000 compared to net income of \$3,111,000 for the 2004 year-to-date period. Excluding one time charges related to expenses incurred in conjunction with our redemption of our bonds (\$3,768,000) and transaction costs incurred during the acquisition of The Restaurant Company (\$12,932,000 in the third quarter and \$14,424,000 year-to-date), net income before income taxes for the 2005 third quarter and year-to-date periods would have been \$3,145,000 and \$10,002,000, respectively.

"We are excited about the opportunity to grow the Perkins brand with our new ownership" said Jay Trungale, The Restaurant Company's President and Chief Executive Officer. "We anticipate that our new capital structure combined with current operational initiatives will provide opportunities over the next twelve months to strengthen our core business and improve results."

The following table provides calculations of EBITDA and EBITDAR for the third quarter and the year-to-date period and the comparable period of fiscal 2004. EBITDA and EBITDAR are non-GAAP financial measures and should not be considered as an alternative to, or more meaningful than, earnings from operations, cash flows from operations or other traditional indications of a company's operating performance or liquidity. EBITDAR information is included to provide comparability due to the Company's sale leaseback transaction in June 2005. Adjusted EBITDA includes non-cash and/or non-recurring addbacks to EBITDA.

(In Thousands)	Third Quarter Ended October 2, 2005	Third Quarter Ended October 3, 2004	Year to Date Ended October 2, 2005	Year to Date Ended October 3, 2004
Net Income (Loss)	\$(7,542)	\$1,314	\$(4,258)	\$3,111
(Benefit from) Provision for income taxes	(6,013)	556	(3,932)	1,234
Net interest expense	5,804	3,731	14,038	12,436
Depreciation and amortization	3,009	4,378	12,297	14,786
Rent	5,677	2,357	11,330	7,954
EBITDAR	935	12,336	29,475	39,521
Less rent	(5,677)	(2,357)	(11,330)	(7,954)
EBITDA	(4,742)	9,979	18,145	31,567
Former CEO Compensation and expense	238	234	769	763
Corporate aircraft expenses	222	172	650	625
Expenses associated with sale of Company	5,499	-	5,499	-
Asset write-down	-	-	248	455
(Benefit from) provision for disposition of assets	(754)	38	(518)	320
Non-cash stock option plan expense	7,433	-	8,925	-
Severance pay	80	137	117	174
Cash flow from closed stores	4	82	42	86
Cash rent adjustment	584	(2,781)	(5,586)	(8,086)
Other adjustments	-	33	-	290
Adjusted EBITDA	8,564	7,894	28,291	26,194

This press release contains "forward-looking statements." These statements may be identified by the use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "should," or "will," or the negative thereof or other variations thereon or comparable terminology.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and

involve known and unknown risks and uncertainties, many of which are beyond our control. Some of the key factors that could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements include the following:

- competitive pressures and trends in the restaurant industry;
- prevailing prices and availability of food, supplies and labor;
- relationships with franchisees and financial health of franchisees;
- general economic conditions and demographic patterns;
- our development and expansion plans; and
- statements covering our business strategy.

You are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this press release are made only as of the date hereof. We do not undertake and specifically decline any obligation to update any such statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments.

The Restaurant Company is a leading operator and franchisor of 487 full-service Perkins Restaurant & Bakeries in the family dining segment. Founded in 1958, the Perkins concept is designed to serve a variety of diverse customers for a wide range of dining occasions that are suitable for the entire family.