

For Immediate Release
February 17, 2006

AMERICAN RESTAURANT GROUP
REPORTS COMPARABLE-RESTAURANT REVENUES

Los Altos, CA --

American Restaurant Group, Inc. today reported that comparable-restaurant revenues at its Black Angus Steakhouse chain declined 2.9% for the fiscal year ended December 26, 2005 compared with 2004. Comparable-restaurant revenues for the fourth quarter ended December 26, 2005 declined 2.2%, a significant improvement over the decline of 3.1% for the first nine months of 2005 and the decline of 5.9% in the third quarter. Sales improved throughout the quarter, with December 2005 comparable-restaurant sales positive 1.0% compared with the same period last year. For January 2006, the first month of the new fiscal year, comparable-restaurant revenues further improved with a 4.9% increase over January 2005.

CEO and President Ralph Roberts commented:

“We are pleased with the improving trend in our comparable-restaurant sales. Although still negative, our fourth quarter in 2005 was an improvement over the first three quarters of 2005. In particular, as we began reintroducing historical levels of coupon offerings in the fourth quarter, our sales trend improved significantly compared with the third quarter. We remain confident that our third-quarter operating results, in which an incremental \$2.8 million was spent on ineffective radio advertising while \$3.4 million of sales to discounted customers were lost primarily because of the reduced offering of discount

coupons, were an aberration that was corrected starting in the fourth quarter. The fact that December was positive 1.0%, followed by a positive 4.9% comparable-restaurant sales improvement in January, indicates that we are back on track and that our guests are beginning to recognize, and favorably respond to, three major initiatives that enhance the Black Angus dining experience. The refreshing of our restaurants with new exterior remodels and sign packages, the introduction of 100% Black Angus beef with all steaks fresh cut daily on premise, and the introduction of a new center-cut filet signature steak have all combined to increase guest satisfaction and generate incremental visits.”

“Since completing our restructuring in July 2005, American Restaurant Group has invested a significant amount of capital to improve its existing facilities and information systems. In addition to our focus on improving operations at our existing restaurants, we have initiated a growth strategy intended to result in selective openings of new restaurants starting in 2007.”

American Restaurant Group, Inc. expects to issue its report for the fiscal year ended December 26, 2005 to its shareholders by March 31, 2006.

American Restaurant Group, Inc., through its subsidiaries, operates Black Angus Steakhouses. Founded in 1964, there were 88 restaurants operating in 10 Western states as of February 17, 2006. The newest restaurant opened in North Scottsdale, AZ on December 5, 2005.

This press release may contain forward-looking statements. Forward-looking statements, which are statements based on current expectations and impressions, are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. All statements other than statements of historical facts included in this release may constitute forward-looking statements. Although American Restaurant Group, Inc. believes that the expectations and impressions reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations or impressions are or will prove to be correct. For example, actual results may differ materially from expectations because of changes in operating performance; project schedules; price and availability of commodities; inflation; changes in labor and insurance costs; changes in consumer tastes and the level of acceptance of the Company's restaurant concept (including consumer acceptance of price increases); consumer perception of food safety; the seasonality of the Company's business; demographic trends; the cost of advertising and media; resolutions of claims and litigation; government actions and policies; and other technical and economic factors. The Company assumes no obligation to update the information in this press release.

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