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FOR IMMEDIATE RELEASE

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MERITAGE REPORTS SECOND QUARTER 2010 RESULTS; SALES & NET INCOME GROWTH

GRAND RAPIDS, Michigan, July 23, 2010. Meritage Hospitality Group Inc. (OTCQX: MHGU), the nation's premier franchise operator, today reported financial results for the quarter ended July 4, 2010. The Company also reported the opening of its first Twisted Rooster restaurant located in Grand Rapids, Michigan. Twisted Rooster is a light, fun, casual themed concept developed exclusively by the Company to be affordable and relevant to consumers.

Second Quarter 2010 Highlights

- **Sales increased 21.6% to \$19.9 million from \$16.4 million for the same period last year.**
- **Income from Operations increased 18.4% to \$935,000 from \$789,000 for the same period last year.**
- **Net Income increased 39.2% to \$845,000 from \$607,000 for the same period last year.**
- **Consolidated EBITDA (a non GAAP measure) increased 12.1% to \$1.3 million from \$1.2 million for the same period last year.**
- **The Company declared its 27th consecutive quarterly dividend on its Series C Cumulative Convertible Preferred Stock of \$0.20 per share, which was payable on July 1, 2010 to shareholders of record as of June 15, 2010.**

“We are pleased with our development progress and continued overall financial improvements in the second quarter of 2010. We believe the Company is positioned for profitable growth in a prolonged environment of consumer austerity with high levels of unemployment,” said Meritage CEO, Robert E. Schermer, Jr. In our Wendy's business we are focused on the initial phase of our five-year growth plan, which includes a combination of store renovations, new unit growth and market expansion in the Wendy's

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system. The Wendy's product pipeline includes the newly introduced high quality line of 'real fresh salads' for summer 2010. The salads are prepared fresh and topped with premium ingredients.

Six Months 2010 Highlights

- **Sales for the six months ended July 4, 2010 increased 31.1% to \$38.8 million compared to sales of \$29.6 million for the same period last year.**
- **Income from Operations increased 106.9% to \$1,366,000 compared to \$660,000 for the same period last year.**
- **Net Earnings increased 645.0% to \$1,394,000 compared to \$187,000 for the same period last year.**
- **Consolidated EBITDA (a non-GAAP measure) increased 41.2% to \$2.2 million in 2010 compared to \$1.5 million in 2009.**

The Company remains encouraged by the long term prospects for the Wendy's brand, lead by the new management teams at Wendy's/Arby's Group, and the new Quality Supply Chain Co-op. The Supply Chain Co-op began operations in 2010 with 91% of the Wendy's restaurants in North America participating as members. The supply chain goal is to deliver the lowest possible, sustainable delivered prices for products and distribution services to Wendy's restaurants. We believe this is a critical step in supporting the return of 16%-17% Wendy's restaurant margins, which has positive long term implications on the Company's business model and the Wendy's franchise system.

Meritage is one of the nation's premier franchise operators, currently operating 73 quick service and casual dining restaurants. The company specializes in the development and operation of restaurant and leisure properties. The company is headquartered in Grand Rapids and employs a workforce of approximately 2,100. The company seeks unique opportunities to capitalize on its substantial development and operating expertise. The company's public filings can be viewed at www.otcqx.com, under the stock symbol MHGU, or the company's website www.meritagehospitality.com.

SAFE HARBOR STATEMENT

Certain information in this new release, particularly information regarding future economic performance and finances, and plans, expectations and objectives of management, constitutes forward-looking statements. Factors set forth in our Safe Harbor Statement, in addition to other possible factors not listed, could affect the Company's actual results and cause such results to differ materially from those expressed in forward-looking statements. Please review the Company's Safe Harbor Statement at <http://www.meritagehospitality.com>.

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