



**FOR IMMEDIATE RELEASE**

**CONTACT:**

Robert E. Schermer, Jr., CEO  
Meritage Hospitality Group Inc.  
(616) 776-2600

**MERITAGE REPORTS THIRD QUARTER 2010 RESULTS -  
NINE MONTHS CONTINUED SALES & NET INCOME GROWTH**

---

GRAND RAPIDS, Michigan, October 2010. Meritage Hospitality Group Inc. (OTCQX: MHGU), the nation's premier franchise operator, today reported financial results for the quarter ended October 3, 2010. "We are pleased to report that year to date the Company remains on schedule with its key growth and profit initiatives for 2010. Our team remains focused on executing a five-year growth plan which calls for the addition of 77 restaurants by 2015," stated Robert E. Schermer, Jr., Chief Executive Officer. "We have started a major store reimaging program in the Wendy's Jacksonville, FL market which includes extensive interior and exterior remodeling, as well as construction of new Wendy's restaurants."

**Third Quarter 2010 Highlights**

- **Sales were \$20.4 million compared to \$20.4 million for the same period last year.**
- **Income from Operations was \$549,000 compared to \$1,105,000 for the same period last year. The current period included increased food costs of approximately \$167,000 related to a significant increase in the cost of beef (which went down in the fourth quarter) and \$159,000 of Twisted Rooster new store pre-opening expenses – a one time charge.**
- **Net Income was \$469,000 compared to \$502,000 for the same period last year.**
- **Consolidated EBITDA (a non GAAP measure) was \$916,000 compared to \$1,435,000 for the same period last year.**
- **The Company declared its 28<sup>th</sup> consecutive quarterly dividend on its Series B Cumulative Convertible Preferred Stock of \$0.20 per share, which was payable on October 1, 2010 to shareholders of record as of September 15, 2010.**
- **The Company launched the first phase of a two part \$8.0 million credit facility commitment. Phase one consists of a \$2.0 million credit facility for store reimaging and major renovations within the Wendy's restaurant system.**

## Year-to-Date 2010 Highlights

- **Sales for the nine months ended October 3, 2010 increased 18% to \$59.2 million compared to sales of \$50.0 million for the same period last year.**
- **Income from Operations was \$1,914,000 compared to \$1,765,000 for the same period last year. The current period included \$226,000 of Twisted Rooster new store pre-opening expenses – a one time charge.**
- **Net Income increased 170% to \$1,863,000 compared to \$689,000 for the same period last year.**
- **Consolidated EBITDA (a non-GAAP measure) was \$3.1 million in 2010 compared to \$3.0 million in 2009.**

The Company is encouraged by the long-term outlook 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. Wendy's is focused on improving its brand positioning through core product enhancements, operational initiatives, and store reinvestment. "We are excited about the series of core product upgrades like the new salads and the 'Natural Cut – Sea Salt Fries' debuting system-wide in November," added Mr. Schermer.

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](http://www.otcqx.com), under the stock symbol MHGU, or the Company's website [www.meritagehospitality.com](http://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>.*

# # #