



## LANDRY'S RESTAURANTS, INC. ("LNY"/NYSE) REPORTS THIRD QUARTER 2006 FINANCIAL RESULTS

Houston, Texas (November 9, 2006)

Landry's Restaurants, Inc. (NYSE: LNY - News; the "Company"), one of the nation's largest casual dining and entertainment companies announced its earnings for the third quarter ended September 30, 2006.

Revenues from continuing operations for the three months ended September 30, 2006, totaled \$290.4 million, as compared to \$220.9 million a year earlier. Net interest expense, primarily associated with the Company's Golden Nugget acquisition and subsequent renovation was \$12.8 million in the third quarter of 2006, compared to \$7.3 million in the third quarter of 2005. As previously announced, the Company recorded impairment charges approximating \$5.9 million, net of tax or \$0.27 per share – diluted in the third quarter of 2006 for Joe's Crab Shack locations held for conversion to another Landry's concept. Stock compensation expense recorded in the third quarter of 2006 increased approximately \$0.04 per share – diluted compared to the prior year. Net income from continuing operations for the quarter was \$3.4 million, compared to \$9.1 million reported last year. Earnings per share – diluted from continuing operations for the quarter were \$0.15, compared to \$0.42 reported last year. Excluding the incremental impairment and stock compensation charges, earnings per share – diluted from continuing operations were \$0.46 for the third quarter of 2006 as compared to \$0.42 in the prior year. Same store sales for the Company's restaurants increased approximately 1.0% for the quarter.

Revenues from continuing operations for the nine months ended September 30, 2006, totaled \$859.7 million, as compared to \$640.5 million a year earlier. Net interest expense for the nine months ended September 30, 2006 was \$37.5 million, compared to \$19.5 million for the same period in 2005. Net earnings from continuing operations for the nine months were \$27.7 million, compared to \$25.1 million reported last year. Earnings per share – diluted from continuing operations for the nine months were \$1.26, compared to \$1.07 in the prior year.

Tilman J. Fertitta, Chairman, President and Chief Executive Officer stated, "The Golden Nugget renovations are substantially completed, and I am extremely pleased with the improvements. With the pending sale of Joe's, we will sharpen our focus on our higher end restaurants, hospitality and gaming assets."

As a result of our previously announced agreement to sell 120 Joe's Crab Shack restaurants and close certain additional Joe's locations, the results of operations for these restaurants are reflected as discontinued operations in the Company's financial statements. The loss from discontinued operations, net of taxes, for the quarter was \$33.3 million or \$1.51 per share – diluted compared to income of \$6.9 million in the prior year. The 2006 loss includes impairment and store closing charges of \$34.6 million, after tax. Therefore, the consolidated net loss for the quarter was \$30.0 million or \$1.36 per share – diluted, compared to net income of \$16.0 million or \$0.73 per share – diluted in 2005. The loss from discontinued operations, net of taxes, was \$41.1 million for the nine months ended September 30, 2006 as compared to income of \$15.8 million for the prior year. Included in the 2006 loss for the nine months is impairment and store closing charges of \$40.6 million, net of tax. Loss per share – diluted for the nine months ended September 30, 2006 were \$0.61 as compared to earnings per share – diluted of \$1.75 in the prior year.

"Over 300 properties Coast to Coast!"





LANDRY'S RESTAURANTS, INC.

CONSOLIDATED INCOME STATEMENTS (000's except per share amounts)

	FOR THE QUARTER ENDED September 30, 2006	FOR THE QUARTER ENDED September 30, 2005	FOR THE NINE MONTHS ENDED September 30, 2006	FOR THE NINE MONTHS ENDED September 30, 2005
REVENUES	\$ 290,369	\$ 220,876	\$ 859,710	\$ 640,462
COST OF REVENUES	68,078	59,603	197,853	176,185
LABOR	95,224	64,131	279,033	185,642
OTHER OPERATING EXPENSES	74,762	53,496	212,737	155,305
UNIT LEVEL PROFIT	52,305	43,646	170,087	123,330
GENERAL & ADMINISTRATIVE	13,558	12,015	41,397	35,391
PRE-OPENING COSTS	1,799	1,012	5,051	1,766
DEPRECIATION & AMORTIZATION	14,917	10,987	42,707	31,748
ASSET IMPAIRMENT EXPENSE	8,636	-	8,636	-
TOTAL OPERATING INCOME	13,395	19,632	72,296	54,425
OTHER EXPENSE (INCOME)	12,776	7,191	36,379	19,793
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	619	12,441	35,917	34,632
TAX PROVISION (BENEFIT)	(2,768)	3,318	8,228	9,552
INCOME FROM CONTINUING OPERATIONS	3,387	9,123	27,689	25,080
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAXES	(33,337)	6,855	(41,094)	15,818
NET INCOME (LOSS)	\$ (29,950)	\$ 15,978	\$ (13,405)	\$ 40,898
EARNINGS (LOSS) PER SHARE - BASIC:				
INCOME FROM CONTINUING OPERATIONS	\$ 0.16	\$ 0.43	\$ 1.30	\$ 1.11
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(1.56)	0.32	(1.93)	0.70
NET INCOME (LOSS)	\$ (1.40)	\$ 0.75	\$ (0.63)	\$ 1.81
AVERAGE SHARES	21,350	21,275	21,350	22,575
EARNINGS (LOSS) PER SHARE - DILUTED:				
INCOME FROM CONTINUING OPERATIONS	\$ 0.15	\$ 0.42	\$ 1.26	\$ 1.07
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(1.51)	0.31	(1.87)	0.68
NET INCOME (LOSS)	\$ (1.36)	\$ 0.73	\$ (0.61)	\$ 1.75
AVERAGE SHARES	22,000	21,900	22,000	23,300

EBITDA from continuing operations (earnings before interest, taxes, depreciation and

Net income	(29,950)	15,978	(13,405)	40,898
Add back:				
Income (loss) from discontinued operations	33,337	(6,855)	41,094	(15,818)
Tax provision (benefit)	(2,768)	3,318	8,228	9,552
Other expense (income)	12,776	7,191	36,379	19,793
Depreciation and amortization	14,917	10,987	42,707	31,748
Asset impairment expense	8,636	-	8,636	-
EBITDA	36,948	30,619	123,639	86,173

EBITDA is not a generally accepted accounting principles ("GAAP") measurement and is presented solely as a supplemental disclosure because the Company believes that it is a widely used measure of operating performance in the restaurant industry. EBITDA is not intended to be viewed as a source of liquidity or as a cash flow measure as used in the statement of cash flows. EBITDA is simply shown above as it is a commonly used non-GAAP valuation statistic.

**LANDRY'S RESTAURANTS, INC.**  
**CONDENSED UNAUDITED BALANCE SHEETS**  
(\$ in Millions except per share amounts)

	<u>September 30, 2006</u> <i>(unaudited)</i>	<u>December 31, 2005</u>
Cash & equivalents	\$ 23.2	\$ 38.9
Assets related to discontinued operations	215.3	275.5
Other current assets	<u>96.8</u>	<u>101.5</u>
Total current assets	335.3	415.9
Property & equipment, net	1,213.3	1,112.2
Other assets	<u>99.6</u>	<u>84.5</u>
Total assets	<u>\$ 1,648.2</u>	<u>\$ 1,612.6</u>
Current liabilities	\$ 202.8	\$ 204.0
Liabilities related to discontinued operations	31.9	22.6
Long-term debt	860.4	816.0
Other non-current	<u>49.3</u>	<u>53.2</u>
Total liabilities	1,144.4	1,095.8
Total stockholders' equity	<u>503.8</u>	<u>516.8</u>
Total liabilities & equity	<u>\$ 1,648.2</u>	<u>\$ 1,612.6</u>
Net book value per share	<u>\$ 22.76</u>	<u>\$ 23.93</u>