

Ruby's Diner, Inc. Enters into Plan Support Agreement to be Effectuated via In-Court Reorganization; Independent Franchises Not Included in Proceedings

Newport Beach, CA—September 5, 2018—Ruby's Diner, Inc. ("Ruby's" or "Company"), the operator and franchisor of multiple Ruby's Diner restaurants across the nation, announced today that it has entered into a plan support agreement ("Agreement") with Steven L. Craig ("Craig"). As the purveyor of America's best burgers, fries and shakes, the Agreement, once implemented, will significantly reduce the Company's debt and strengthen its balance sheet allowing it to leverage a new strategic business plan leading to increased store sales and franchise growth. Craig is a successful businessman who owns multiple profitable Ruby's franchises and is very familiar with the Ruby's brand and operations.

"Ruby's is excited about the next chapter in its evolution. The Agreement and proposed equity infusion are strong endorsements of the Ruby's brand," said Doug Cavanaugh, Chief Executive Officer of Ruby's. "Our restaurants are open and customers can continue to rely on Ruby's for great food and excellent customer service. We will continue to sell and honor all customer gift cards and our Ruby's Rewards program remains in place."

In order to swiftly and efficiently restructure its financial obligations and to implement the Agreement, the Company filed a voluntary petition under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of California. Importantly, only certain wholly-owned restaurants are included in the proceedings: Ruby's Huntington Beach; Ruby's Laguna Hills; Ruby's Oceanside; and Ruby's Palm Springs. Franchises and the remaining 28 Ruby's restaurants are not included in the proceedings. The Company intends to move through this process quickly, emerging in 120-180 days. This process should have little or no impact on employees, restaurants or franchisees.

The debtor-in-possession financing commitment from Craig together with the Company's cash flow from operations should provide Ruby's ample liquidity to meet all operating expenses and maintain normal operations. Assuming that the structure outlined in the Agreement is implemented, Ruby's will emerge from Chapter 11 with Craig owning 60% of the reorganized entity.

"In recent years, as Ruby's has evolved with a changing industry, the Company suffered some financial setbacks from which we have been working to recover. For the most part, we have been successful. We believe the Agreement, once implemented, will significantly improve our capital structure and provide Ruby's the best opportunity for long-term success," added Cavanaugh. "Specifically, all employees, franchisees, guests and vendors will be paid on a prompt and timely basis going forward and our restaurants will remain open."

Court filings as well as other information related to the restructuring are available at www.donlinrecano.com/rubys or by calling the restructuring information hotline at 1-800-780-

7386 or international toll at 1-212-771-1128, or by submitting an inquiry via e-mail to rdinfo@donlinrecano.com.

The Company is advised by William Lobel, a partner in the law firm of Pachulski, Stang, Ziehl & Jones LLP and has engaged Michael J. Issa of Glass Ratner as its financial advisor.

About Ruby's Diner

Celebrating over 35 years of success in 2017, Ruby's Diner first opened on the Balboa Pier in Newport Beach, California in 1982. Today Ruby's Restaurant Group is a privately held company that operates and franchises multiple Ruby's Diner concepts across the nation, with over 32 U.S. stores across California, Nevada, Arizona, Pennsylvania, New Jersey, and Texas, including mall, casino and airport locations, Ruby's Diner serves up America's favorite burgers, hand-made milkshakes, and delicious fries in addition to a wide selection of breakfast entrees. Shooby Dooby down to Ruby's online at **Rubys.com** and stay connected for company news and updates on **Facebook**, **Instagram**, and **Twitter**.

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