



NEWS RELEASE

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Diversified Restaurant Holdings Reports 48.1% Increase in Revenue for Third Quarter of 2009

- **Revenue from food and beverage sales increases 55.2% during the quarter on additional restaurants; total revenue nearly doubles for the nine-month period to \$14.3 million**
- **Produces net income of \$174 thousand during the third quarter and \$324 thousand during the first nine months of 2009 compared with losses in prior year**
- **Strong cash generation of \$271 thousand and \$1.4 million from operations in the third quarter and nine month year-to-date periods**
- **Newest Bagger Dave's[®] location to open in first quarter 2010**

SOUTHFIELD, MI, November 16, 2009 – Diversified Restaurant Holdings, Inc. (OTCBB: DFRH) (“DRH”), the owner, operator and soon to be franchisor of the unique, full service fast-casual restaurant and bar *Bagger Dave's Legendary Burgers & Fries*[®] and a leading franchisee and restaurant manager for sports bar *Buffalo Wild Wings*[®], today reported revenue of \$5.0 million in the third quarter of 2009, which ended September 30, 2009, up 48.1% compared with revenue of \$3.4 million in the third quarter of 2008. Food and beverage sales increased 55.2% to \$4.6 million, compared with \$2.9 million in the 2008 third quarter, while revenue from management and marketing fees was down slightly to \$426 thousand compared with \$428 thousand in the third quarter of 2008.

Food and beverage sales for the third quarter of 2009 were from the operations of two Bagger Dave's Legendary Burger and Fries and seven Buffalo Wild Wings restaurants while the 2008 quarter included sales from five Buffalo Wild Wings, two of which were opened during the 2008 third quarter, and two Bagger Dave's locations, one of which opened during the third quarter 2008. Management and marketing fee income during both the 2009 and 2008 third quarters was generated under service agreements with nine affiliated Buffalo Wild Wings restaurants which the Company has a letter of intent to acquire in early 2010.

Net income in the third quarter of 2009 was \$174 thousand, or \$0.006 per diluted share, compared with a net loss of \$339 thousand, or \$0.019 per diluted share, in the same period the prior year.

Mr. T. Michael Ansley, President and Chief Executive Officer of DRH commented, “We have continued to have fast, yet controlled, growth from the build out of our Buffalo Wild Wings franchise area and have completed the full-development of the Bagger Dave's concept from design, menu, product sourcing and operations. Our two initial restaurants are receiving rave reviews from customers and have already attracted the interest of prospective franchisees. Our operational model is focused on developing our team members. As highly engaged, career-focused members of the DRH team, they ensure our customers have quality experiences which result in greater loyalty and robust brands. Our warm hospitality and rapid,

responsive service has enabled us to become a leading franchisee and restaurant operator for Buffalo Wild Wings, while the same customer-centric focus has rapidly developed a strong following for Bagger Dave's."

Increasing Number of Restaurants Drive Growth

Restaurant Count

| | 2007 | Q1 2008 | Q2 2008 | Q3 2008 | Q4 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Total at Sept. 30, 2009 |
|---------------------------|------|------------|------------|------------|------------|------------|------------|------------|-------------------------------|
| Buffalo Wild Wings | | | | | | | | | |
| Michigan | | 1 | | 2 | 1 | | 1 | | 5 |
| Florida | 2 | | | | | | | | 2 |
| Bagger Dave's | | 1 | | 1 | | | | | 2 |

Solid Operating Results on Expanding Revenue

Income from operations during the third quarter of 2009 was \$444 thousand compared with last year's third quarter loss from operations of \$292 thousand. The improvement in income from operations was primarily driven by the increased revenue. Operating margin for the recent quarter was 8.9%.

Food and beverage costs as a percentage of related sales in the third quarter of 2009 was 30.7% compared with 28.9% in the 2008 third quarter. The 180 basis point increase reflects the affects of higher chicken wing costs at the Company's Buffalo Wild Wings® locations. General and administrative (G&A) expense was \$1.2 million, approximately the same as in the third quarter of 2008. As a percentage of sales, G&A was 24.5% of sales in the 2009 third quarter compared with 40.5% in the same period last year. The 2008 third quarter G&A percentage was unusually high due to a one-time adjustment to an advertising expense accrual.

Mr. Ansley noted, "Despite an extreme rise in chicken wing prices, which represent almost one third of our food and beverage costs, we have managed to somewhat offset those costs through efficiencies. We also tested various discounting models through the quarter to determine the effect on improving traffic, but will be redirecting those efforts and that should help to drive stronger margins as we go forward."

Nine-Month Review

For the first nine months of 2009, revenue was \$14.3 million, an 86.9% increase compared with revenue of \$7.7 million in the 2008 period. Food and beverage sales were \$13.0 million, more than double the level in last year's nine-month period. The 2009 nine-month period includes the operations of three restaurants that were opened during the first nine months of 2008 and an additional location that was opened in June 2009. Revenue from management and marketing fees was down slightly to \$1.3 million, compared with \$1.4 million in the third quarter of 2008 due to the timing of three new service agreements replacing those associated with acquired restaurant locations.

Food and beverage costs as a percentage of related sales in the 2009 nine-month period increased to 31.0% from 29.9% in the first nine months of 2008 primarily due to higher chicken wing costs. G&A expense was \$3.5 million, \$1.2 million, or 51.1%, above G&A expense of \$2.3 million in the first nine months of 2008. The 2009 nine-month period includes expenses associated with three new restaurants opened in 2008 and one additional location opened in June 2009. As a percentage of sales, G&A was 24.3% of sales in the 2009 period compared with 30.0% in the same period last year.

Income from operations during the first nine months of 2009 was \$787 thousand compared with last year's loss from operations of \$236 thousand, due primarily to the increase in revenue. Operating margin for the reported period was 5.5%. Operating margins improve as both volume increases and restaurants mature.

Interest expense for the first nine months of 2009 was \$335 thousand, 84.0% above interest expense of \$182 thousand during the first nine months of 2008 due to higher borrowings associated with the opening of new restaurants. A significant portion of the \$74 thousand in other income in the first nine months of 2009 was related to the reduction in interest rate swap liability of \$67 thousand.

Net income for the first nine months of 2009 was \$323 thousand, or \$0.011 per diluted share, compared with a loss of \$370 thousand, or \$0.02 per diluted share, in the same period the prior year, reflecting improved operating efficiencies at restaurants opened in late 2007 and throughout 2008.

Balance Sheet

Cash and cash equivalents were \$334 thousand at September 30, 2009, compared with \$424 thousand at June 30, 2009 and \$134 thousand at December 31, 2008. The reduction in cash compared with the trailing second quarter was primarily related to the opening of a new restaurant in June 2009.

DRH generated \$271 thousand in cash from operations during the third quarter of 2009 compared with cash from operations of \$155 thousand in the 2008 third quarter. Through the nine-month period, the Company generated \$1.4 million in cash from operations compared with \$326 thousand generated during the 2008 nine-month period. The increase in the third quarter of 2009 was attributed to improved net income. The year-to-date increase reflects the increase in net income associated with improved efficiencies at new locations.

Capital expenditures in the third quarter of 2009 were \$19 thousand compared with \$2.3 million in the third quarter of 2008. For the nine-month periods, capital expenditures were \$287 thousand in 2009 and \$4.2 million in 2008, when DRH opened three new restaurants. Capital expenditures are expected to be approximately \$400 thousand for 2009 with the increase in the fourth quarter related to the new Bagger Dave's restaurant just under construction.

Outlook

During 2010, DRH plans to acquire nine Buffalo Wild Wings restaurants that it currently manages. DRH expects the transaction to close in February 2010 and to provide approximately \$24 million in annual revenue. It also has executed franchise agreements to open two additional Buffalo Wild Wings restaurants in Marquette and Chesterfield, Michigan, which it plans to open in 2010.

Construction for a new Bagger Dave's has begun, and it is planned to be open for business in the first quarter of next year. Separately today, the Company announced that it will establish a franchise system for Bagger Dave's and has prepared and registered, where necessary, the Franchise Disclosure Document (FDD) in Michigan, Indiana and Ohio, authorizing the Company to sell franchises in those states.

Mr. Ansley concluded, "Our strategy is to continue to expand our Buffalo Wild Wings restaurants while building up the Bagger Dave's franchise and company-owned store base in a disciplined, methodical approach. The keys to our success have been our site selection, our ability to contract real estate for reasonable costs, our operational efficiencies in getting a store up and running, our team members' capabilities and dedication, and the quality of the food we serve. We believe we can continue to replicate these factors and rapidly scale our business in markets that have strong potential for high performing restaurants. 2010 will be another year of rapid growth for us and we are actively pursuing opportunities that will enable expansion as we look beyond next year."

About Diversified Restaurant Holdings

Diversified Restaurant Holdings, Inc. owns and operates its own unique, full-service restaurant concept, Bagger Dave's Legendary Burgers and Fries[®], which falls within the fast-casual dining segment and was launched in January 2008. Bagger Dave's offers a local identity, fast food price point with full service bar and restaurant for friends and

families in a casual, comfortable atmosphere. The menu features freshly made burgers (never frozen) accompanied by more than 30 toppings to add-on, fresh-cut fries, and hand-dipped milkshakes. Signature items include Sloppy Dave's BBQ[®], Train Wreck Burger[®], and Bagger Dave's Amazingly Delicious Turkey Black Bean Chili. Currently, there are two locations in the State of Michigan with a third planned for opening in February 2010 and franchise registrations recently filed in the states of Michigan, Indiana and Ohio. The concept focuses on local flair with the interior showcasing historic photos of the city in which it resides. There's also an electric train that runs above the dining room and bar areas. All current and future locations will be smoke-free. For more information please visit www.baggerdaves.com

DRH also is a leading franchisee and restaurant management company handling the operations of 16 Buffalo Wild Wings[®] restaurants; five in Florida and 11 in Michigan. The Company has received franchise awards for the Highest Annual Restaurant Sales and operates four out of the top 25 franchise restaurants in sales volume in the Buffalo Wild Wings[®] system.

Diversified Restaurant Holdings routinely posts news and other important information on its Web site at www.diversifiedrestaurantholdings.com.

About Buffalo Wild Wings[®]

Buffalo Wild Wings, Inc., founded in 1982 and headquartered in Minneapolis, Minnesota, is a growing owner, operator and franchisor of restaurants featuring a variety of boldly-flavored, made-to-order menu items including Buffalo-style chicken wings spun in one of 14 signature sauces. Buffalo Wild Wings[®] is an inviting neighborhood destination with widespread appeal and is the recipient of dozens of "Best Wings" and "Best Sports Bar" awards from across the country. There are currently 633 Buffalo Wild Wings[®] locations across 41 states.

Safe Harbor Regarding Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as "expects," "estimates," "projects," "anticipates," "believes," "could," and other similar words. Forward-looking statements are based upon the current beliefs and expectations of management. All statements addressing operating performance, events, or developments that Diversified Restaurant Holdings, Inc. expects or anticipates will occur in the future, including but not limited to franchise sales, store openings, financial performance and adverse developments with respect to litigation or increased litigation costs, the operation or performance of the Company's business units or the market price of its common stock are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. Actual results may vary materially from those contained in forward-looking statement based on a number of risk factors and uncertainties including, without limitation, our ability to operate in new markets, the cost of commodities, the success of our marketing and other initiatives to attract customers, customer preferences, operating costs, economic conditions, competition, the availability of financing for franchisees and the Company, and the impact of applicable regulations. These and other risk factors and uncertainties are more fully described in Diversified Restaurant Holdings' most recent Annual and Quarterly Reports filed with the Securities and Exchange Commission, including under the heading entitled "Risk Factors." Undue reliance should not be placed on Diversified Restaurant Holdings' forward-looking statements. Except as required by law, Diversified Restaurant Holdings, Inc. disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this press release.

TABLES FOLLOW.

**DIVERSIFIED RESTAURANT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS**

| ASSETS | September 30 2009 (Unaudited) | December 31 2008 (Audited) |
|------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 334,286 | \$ 133,865 |
| Accounts receivable - related party | 236,979 | 192,889 |
| Inventory | 148,090 | 157,882 |
| Prepaid Assets | 81,403 | 52,440 |
| Accounts receivable - Other | (1,630) | 192,000 |
| Other Assets | 31,780 | 20,000 |
| Total current assets | 830,908 | 749,076 |
| Property and equipment, net | 8,102,685 | 7,817,254 |
| Intangible Assets, net | 403,571 | 406,982 |
| Deferred income taxes | 277,937 | 599,957 |
| Total assets | \$ 9,615,101 | \$ 9,573,269 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 1,633,575 | \$ 1,454,867 |
| Accounts payable | 324,218 | 660,353 |
| Accrued liabilities | 374,365 | 305,302 |
| Accrued Rent | 224,244 | 113,909 |
| Deferred Rent | 489,909 | 530,944 |
| Total current liabilities | 3,046,311 | 3,065,375 |
| Other liabilities - interest rate swap | 186,735 | 253,792 |
| Long-term debt, less current portion | 4,805,455 | 5,025,227 |
| Total liabilities | 8,038,501 | 8,344,394 |
| Stockholders' equity | | |
| Common stock - \$0.0001 par value; 100,000,000 shares authorized, 18,070,000 shares issued and outstanding | 1,807 | 1,807 |
| Additional paid-in capital | 1,783,134 | 1,758,899 |
| Accumulated deficit | (208,341) | (531,831) |
| Total stockholders' equity | 1,576,600 | 1,228,875 |
| Total liabilities and stockholders' equity | \$ 9,615,101 | \$ 9,573,269 |

DIVERSIFIED RESTAURANT HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended September 30 | |
|-------------------------------------------------------------|----------------------------------------|---------------------|
| | 2009 | 2008 |
| Revenue | | |
| Management and advertising fees | \$ 426,332 | \$ 428,173 |
| Food and beverage sales | 4,560,261 | 2,937,982 |
| Total revenue | 4,986,593 | 3,366,155 |
| Operating expenses | | |
| Compensation costs | 1,476,823 | 1,185,333 |
| Food and beverage costs | 1,397,913 | 850,110 |
| General and administrative | 1,221,449 | 1,176,548 |
| Occupancy | 289,244 | 220,611 |
| Depreciation and amortization | 157,293 | 225,246 |
| Total operating expenses | 4,542,722 | 3,657,848 |
| Income (loss) from operations | 443,871 | (291,693) |
| Interest expense | 118,740 | 97,408 |
| Other expense (income), net | 16,148 | 3,691 |
| Income (loss) before income taxes | 308,983 | (392,792) |
| Income tax (provision) benefit | (135,024) | 53,852 |
| Net income (loss) | \$ 173,959 | \$ (338,940) |
| Basic earnings (loss) per share - as reported | \$ 0.010 | \$ (0.019) |
| Fully diluted earnings (loss) per share - as reported | \$ 0.006 | \$ (0.019) |
| Weighted average number of common shares outstanding | | |
| Basic | 18,070,000 | 18,022,826 |
| Diluted | 29,020,000 | 28,972,826 |

DIVERSIFIED RESTAURANT HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Nine Months Ended September 30 | |
|-------------------------------------------------------------|---------------------------------------|---------------------|
| | 2009 | 2008 |
| Revenue | | |
| Management and advertising fees | \$ 1,324,137 | \$ 1,377,944 |
| Food and beverage sales | 13,001,047 | 6,288,808 |
| Total revenue | 14,325,184 | 7,666,752 |
| Operating expenses | | |
| Compensation costs | 4,327,716 | 2,723,774 |
| Food and beverage costs | 4,028,315 | 1,876,929 |
| General and administrative | 3,480,356 | 2,303,170 |
| Occupancy | 839,446 | 483,256 |
| Depreciation and amortization | 862,137 | 515,734 |
| Total operating expenses | 13,537,970 | 7,902,863 |
| Income (loss) from operations | 787,214 | (236,111) |
| Interest expense | 334,632 | 181,866 |
| Other expense (income), net | (74,366) | 20,656 |
| Income (loss) before income taxes | 526,948 | (438,633) |
| Income tax (provision) benefit | (203,453) | 68,564 |
| Net income (loss) | \$ 323,495 | \$ (370,069) |
| Basic earnings (loss) per share - as reported | \$ 0.018 | \$ (0.020) |
| Fully diluted earnings (loss) per share - as reported | \$ 0.011 | \$ (0.020) |
| Weighted average number of common shares outstanding | | |
| Basic | 18,070,000 | 17,895,219 |
| Diluted | 29,020,000 | 28,805,255 |

DIVERSIFIED RESTAURANT HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Nine Months Ended September 30 | |
|-----------------------------------------------------------------------------------------|---------------------------------------|-------------------|
| | 2009 | 2008 |
| Cash flows from operating activities | | |
| Net income (loss) | \$ 323,495 | \$ (370,069) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | |
| Depreciation and amortization | 862,137 | 515,734 |
| Loss on disposal of property and equipment | 2,903 | |
| Share-based compensation | 24,234 | 24,234 |
| Deferred income tax benefit | 322,020 | (69,551) |
| Changes in operating assets and liabilities that provided (used) cash | | |
| Accounts receivable - related party | (44,090) | 16,289 |
| Accounts payable | (336,135) | 225,211 |
| Inventory | 9,792 | (75,332) |
| Prepaid Assets | (28,963) | 2,886 |
| Accounts Receivable - Other | 193,630 | (141,994) |
| Intangible Assets | (1,210) | (124,020) |
| Other Assets | (11,780) | (12,000) |
| Accrued liabilities | 2,006 | 199,348 |
| Accrued Rent | 110,334 | 58,965 |
| Deferred Rent | (41,035) | 75,977 |
| | 1,387,338 | 325,678 |
| Cash flows used in investing activities | | |
| Purchases of property and equipment | (287,073) | (4,222,970) |
| Cash from financing activities | | |
| Proceeds from issuance of notes payable - related party | 13,125 | 204,800 |
| Proceeds from issuance of long term debt | - | 3,680,296 |
| Repayment of notes payable - related party | (75,858) | (338,989) |
| Repayments of long-term debt | (837,111) | 734,998 |
| | (899,844) | 4,281,105 |
| Net cash provided by operating activities | | |
| | 200,421 | 383,813 |
| Net increase in cash and cash equivalents | | |
| Cash and cash equivalents, beginning of period | 133,865 | 275,728 |
| | \$ 334,286 | \$ 659,541 |
| Cash and cash equivalents, end of period | | |
| Supplemental schedule of non-cash investing and financing activities: | | |
| Capital expenditures funded by capital lease borrowings | \$ 858,779 | \$ - |

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