Del Frisco's Restaurant Group, LLC
Form S-1/A
July 17, 2012

As filed with the Securities and Exchange Commission on July 17, 2012

Registration No. 333-179141

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 5

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

DEL FRISCO S RESTAURANT GROUP, LLC

(to be converted into Del Frisco s Restaurant Group, Inc.)

(Exact name of registrant as specified in its charter)

Delaware	**5812**	**20-8453116**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

930 S. Kimball Ave., Suite 100

Southlake, TX 76092

(817) 601-3421

(Address, including zip code, and telephone number,

including area code, of registrant s principal executive offices)

Mark S. Mednansky

Chief Executive Officer

Del Frisco s Restaurant Group, LLC

930 S. Kimball Ave., Suite 100

Southlake, TX 76092

(817) 601-3421

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Unit(2)**	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee**
Common Stock, no par value per share	8,050,000	$16.00	$128,800,000	$14,761(3)

(1) Includes 1,050,000 shares that the underwriters have the option to purchase. See Underwriting.
(2) Estimated solely for the purpose of calculating the registration fee under Rule 457(a) of the Securities Act of 1933, as amended.
(3) $11,460 Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

Del Frisco s Restaurant Group, LLC, the registrant whose name appears on the cover of this registration statement, is a Delaware limited liability company. Immediately prior to the effectiveness of this registration statement, Del Frisco s Restaurant Group, LLC will be converted into a Delaware corporation and renamed Del Frisco s Restaurant Group, Inc. Shares of the common stock of Del Frisco s Restaurant Group, Inc. are being offered by the prospectus.

Market and Industry Data and Forecasts

Industry, market and demographic data appearing throughout this prospectus, including information relating to our relative position in the restaurant industry, the projected growth of sales in the U.S. restaurant industry, projected changes in food expenditures and projected changes in the U.S. population, are derived principally from publicly available information, industry publications, U.S. government data, data made available by market research firms, our own data and similar sources, which we believe to be reasonable. None of the independent industry publications used in this prospectus was prepared on our or our affiliates behalf. Information in this prospectus concerning the average check at our restaurants is calculated on a per entrée basis and excludes tax and tip.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that may be important to you. You should carefully read this prospectus in its entirety before making an investment decision. In particular, you should read the section entitled Risk Factors and the consolidated and combined financial statements and notes related to those statements included elsewhere in this prospectus.

As used in this prospectus, unless the context otherwise indicates, the references to DFRG, Del Frisco s Restaurant Group, our company, the Company, us, we and our refer to Del Frisco s Restaurant Group, LLC together with its subsidiaries prior to the reorganization date and Del Frisco s Restaurant Group, Inc. and its consolidated subsidiaries on and after the reorganization date. Unless otherwise indicated or the context otherwise requires, financial and operating data in this prospectus reflects the consolidated business and operations of Del Frisco s Restaurant Group, LLC and its wholly-owned subsidiaries prior to the reorganization date and Del Frisco s Restaurant Group, Inc. and its wholly-owned subsidiaries on and after the reorganization date.

Our Company

We develop, own and operate three contemporary, high-end, complementary restaurants: Del Frisco s Double Eagle Steak House, or Del Frisco s, Sullivan s Steakhouse, or Sullivan s, and Del Frisco s Grille, or the Grille. We are a leader in the full-service steakhouse industry based on average unit volume, or AUV, EBITDA margin and comparable restaurant sales growth. We currently operate 32 restaurants in 18 states. Each of our three restaurant concepts offers steaks as well as other menu selections, such as chops and fresh seafood. These menu selections are complemented by an extensive, award-winning wine list. Del Frisco s, Sullivan s and the Grille are positioned within the fine dining segment and are designed to appeal to both business and local dining customers. Our Del Frisco s restaurants are sited in urban locations to target customers seeking a destination dining experience while our Sullivan s and Grille restaurants are intended to appeal to a broader demographic, allowing them to be located either in urban areas or in close proximity to affluent residential neighborhoods. We believe our success reflects consistent execution across all aspects of the dining experience, from the formulation of proprietary recipes to the procurement and presentation of high quality menu items and delivery of a positive customer experience.

We generated revenues of $201.6 million for the fiscal year ended December 27, 2011, representing 21.8% total revenue growth and 11.2% comparable restaurant sales growth over 2010. We recorded net income of $9.0 million and adjusted EBITDA of $36.8 million for 2011, representing 2.8% net income growth and 22.5% adjusted EBITDA growth over 2010. Our 2011 operating income and adjusted EBITDA margins were 11.0% and 18.2%, respectively. For the twelve weeks ended March 20, 2012, we generated revenues of $53.7 million, representing 23.8% total revenue growth and 6.7% comparable restaurant sales growth over the twelve weeks ended March 22, 2011. We recorded net income of $5.0 million and adjusted EBITDA of $10.9 million for the twelve weeks ended March 20, 2012, representing 81.8% net income growth and 37.9% adjusted EBITDA growth over the twelve weeks ended March 22, 2011. Our operating income and adjusted EBITDA margins for the twelve weeks ended March 20, 2012 were 15.6% and 20.3%, respectively. For a reconciliation of adjusted EBITDA and adjusted EBITDA margin and a discussion of why we consider them useful, see Summary Historical Consolidated Financial and Operating Data.

Del Frisco s Double Eagle Steak House

We believe Del Frisco s is one of the premier steakhouse concepts in the United States. The Del Frisco s brand is defined by its menu, which includes USDA Prime grade, wet-aged steaks hand-cut at the time of order and a range of other high-quality offerings, including prime lamb, fresh seafood, and signature side dishes and desserts. It is also distinguished by its swarming service, whereby customers are served simultaneously by multiple servers. Each restaurant has a sommelier to guide diners through an extensive, award-winning wine list and our bartenders specialize in hand-shaken martinis and crafted cocktails. Del Frisco s restaurants target customers seeking a full-service, fine dining steakhouse experience. We believe the décor and ambiance, with both contemporary and classic designs, enhance our customers experience and differentiate Del Frisco s from other upscale steakhouse concepts. We currently operate nine Del Frisco s steakhouses in seven states. These restaurants range in size from 11,000 to 24,000 square feet with seating capacity for at least 300 people. Annual AUVs per Del Frisco s restaurant were $12.5 million for the fiscal year ended December 27, 2011. During the same period, the average check at Del Frisco s was $100.

Sullivan s Steakhouse

Sullivan s was created in the mid-1990 s as a complementary concept to Del Frisco s. The Sullivan s brand is defined by a fine dining experience at a more accessible price point, along with a vibrant atmosphere created by an open kitchen, live music and a bar area designed to be a center for social gathering and entertainment. Each Sullivan s features fine hand-selected aged steaks, fresh seafood and a broad list of custom cocktails, along with an extensive selection of award-winning wines. We currently operate 19 Sullivan s steakhouses in 15 states. These restaurants range in size from 7,000 to 11,000 feet with seating capacity for at least 250 people. Annual AUVs per current Sullivan s restaurant were $4.4 million for the fiscal year ended December 27, 2011. During the same period, the average check at Sullivan s was $59.

Del Frisco s Grille

We developed the Grille, our newest concept, to take advantage of the positioning of the Del Frisco s brand and to provide greater potential for expansion due to its smaller size, lower build out cost and more diverse menu. The Grille s menu is designed to appeal more broadly to both business and casual diners and features a variety of Del Frisco s prime aged steaks, top selling signature menu items and a broad selection of the same quality wines. The Grille also offers an assortment of relatively less expensive entrees, such as flatbread pizzas, sandwiches and salads, all prepared with the same signature flavors, high quality ingredients and presentation associated with the Del Frisco s brand. We believe the ambiance of the concept appeals to a wide range of customers seeking a less formal atmosphere for their dining occasions. Our first Grille opened in August 2011 at Rockefeller Center in New York City, and we opened additional locations in Dallas, Texas in November 2011, Phoenix, Arizona in June 2012 and Washington D.C. in July 2012. Additional Grille openings are planned over the next year and we anticipate they will range in size from 6,500 to 8,500 square feet with seating capacity for at least 200 people. We are targeting annual AUVs per Grille restaurant of between $4.5 million and $6.0 million with an average check of between $45 and $55.

Our Business Strengths

We believe the following are key strengths of our business and serve to differentiate us from our competitors:

Multiple Top Performing Concepts with an Expanding National Platform. We are one of the nation s leading fine dining restaurant operators. We currently have 32 restaurants in 27 cities in

18 states in a wide variety of geographic and demographic markets. Our current locations that were operating throughout the fiscal year ended December 27, 2011 had AUVs of $6.7 million per location across all concepts, $12.5 million at our Del Frisco s locations ($9.1 million excluding our New York location) and $4.4 million at our Sullivan s locations. We believe our New York Del Frisco s location was the highest grossing restaurant in the steakhouse industry in 2010 and 2011. We base this belief on the fact that our New York location grossed more than the highest grossing restaurant in a 2010 report published by Restaurants & Institutions listing the top 100 grossing individual restaurants in 2009 excluding chains with more than five restaurants. See Business Our Business Strengths Multiple Top Performing Concepts with an Expanding National Platform for additional information regarding the basis for this belief. Further, we believe we appeal to landlords with desirable locations by offering three complementary concepts adaptable to a variety of areas and venues. In 2011, we expanded our national platform by opening a Del Frisco s in Boston, Massachusetts and our first two Grille restaurants in New York City and Dallas, Texas.

Operating Model Driving Higher Margins. Our AUVs and high average check per person, combined with our operating efficiencies, enable us to achieve industry-leading operating margins based on 2011 public company data for U.S. based full-service dining restaurants that generate a majority of their revenues from restaurant operations and excluding companies with a majority of franchised operations. We believe that our success is driven by our consistent execution across all aspects of the dining experience, from the formulation of proprietary recipes to the procurement and presentation of high quality menu items and our focus on providing a positive customer experience. Our entrepreneurial culture and bonus incentives empower and motivate the general manager at each restaurant to act as the owner of his or her restaurant. These general managers meet weekly as a group with senior management to share best practices. Chefs and kitchen staff at each restaurant are responsible for maintaining and ordering their own food inventory, thereby increasing efficiency and reducing waste and the need for additional headcount at the corporate level. We believe we achieve significant cost, quality and availability advantages through centralized sourcing from our primary suppliers of beef, wine and other products. In fiscal 2011, our revenues were comprised 66% of food and 34% of alcohol. We had operating income and restaurant-level EBITDA margins of 11.0% and 23.7% and 15.6% and 25.2% in fiscal 2011 and the twelve weeks ended March 20, 2012, respectively.

Fine Dining Concepts with Complementary Market Positions. Del Frisco s, Sullivan s and the Grille are fine dining concepts that share a focus on high quality food, individualized interior design and attentive service. The concepts were designed to coexist with one another, each maintaining its own identity and price point. Average checks at Del Frisco s and Sullivan s were $100 and $59, respectively, for the fiscal year ended December 27, 2011, and the targeted average check at the Grille is between $45 and $55. Currently, we operate multiple concepts in close proximity to each other in six of our markets. We believe our complementary positioning will continue to allow us to develop our concepts in a single metropolitan area without competing for customers. We have secured prominent locations for our restaurants and a number of unique sites not typically used for steakhouse locations, including a historic bank building, a redeveloped wharf and former retail space in Rockefeller Center. We believe the locations of our restaurants distinguish us from our competitors, add to the strength of our brands and help drive our AUVs. Furthermore, we believe many landlords and developers seek out our concepts to be restaurant anchors for their developments as our concepts are complementary to upscale national retailers with similar target demographics.

Focus on Innovation. We have developed and created three concepts in the full-service steakhouse industry. As we have grown our concepts, we have evolved each to incorporate proprietary recipes with bold and flavorful seasonings that reflect our heritage in the Southern United States, extensive wine lists, prominent bar scenes and our swarming service. We have positioned the Del Frisco s brand as a contemporary alternative to the traditional fine dining steakhouse dining concept. We developed Sullivan s in the mid-1990 s, featuring lower price points and live music to attract a broader clientele. The Grille, opened in 2011, leverages and broadens Del Frisco s appeal in a less formal and smaller format. We remain committed to evolving our existing concepts to remain relevant to a range of customers.

High Quality Menu Offerings with a Focus on Social Experience and Customer Service. We believe we provide our customers with a true fine dining steakhouse experience by combining high quality food, atmosphere and service. We offer high quality cuisine across all menu items, with an emphasis on aged beef, fresh seafood and locally sourced ingredients. These offerings are complemented by an extensive, award-winning wine list and a broad cocktail selection. The dining experience is enhanced by our commitment to providing a social atmosphere and décor that includes carefully-selected artwork, private dining rooms and separate bar areas. To further enhance our customers dining experience we have a staff of highly-trained employees who undergo an extensive training program and are evaluated regularly by management. These employees provide our swarming service, which creates frequent interactions with our customers.

Experienced Executive and Restaurant Management Teams. Our executive team has extensive experience with an average of over 16 years in the restaurant industry, including significant tenure with our company as well as other high-end restaurant concepts. Our restaurant-level managers are also very experienced, with average tenure at Del Frisco s and Sullivan s of nine and four years, respectively, and additional experience at other fine dining establishments. Our management team, which includes senior management, regional managers and general managers, meets on a weekly basis to review financial and operating results as well as receive feedback from both senior management and their peers to collaborate on best practices. We believe this management process fosters a commitment to operational excellence focused on producing a positive customer experience and strong financial performance.

Our Growth Strategy

We believe there are significant opportunities to grow our business, strengthen our competitive position and enhance our concepts through the continued implementation of the following strategies:

Pursue Disciplined New Unit Expansion. We believe our concepts have significant room to grow. We have an established growth pipeline and a disciplined strategy for opening new restaurants. Our growth strategy includes entering new markets and expanding our presence in existing markets. We believe our concepts market positioning, broad range of average checks and menu offerings, coupled with the flexibility of our restaurant models across a range of trade areas and square footage layouts will allow us to expand each of our three concepts into a greater number of locations. We have successfully opened new restaurants in a number of diverse markets and we continued to grow in 2011, opening three new restaurants in Boston, New York City and Dallas. We target a cash-on-cash return beginning in the third operating year of at least 25% for new restaurants across all of our concepts. We believe there are opportunities to open three to five restaurants annually, generally composed of one Del Frisco s and two to four Sullivan s and/or Grilles, with new openings of our Grille concept likely serving as the primary driver of new unit growth in the near term. In 2012, we have opened Grilles in Phoenix, Arizona and Washington D.C., and we expect to open two additional restaurants, including a Del Frisco s in Chicago, Illinois, and a Grille in Atlanta, Georgia. Beyond domestic new unit growth, although we have no current intention to do so, we believe our concepts have the potential for expansion in select international markets through franchising, licensing, Company-owned restaurants or a combination of the foregoing. While we do not have a specific global expansion strategy and we have no current intention to expand into international markets, we believe there is a long-term opportunity for our concepts beyond the U.S. market.

Grow Our Existing Restaurant Sales. Our concepts achieve strong sales and customer count growth, with comparable restaurant sales increasing by 12.1%, 12.3%, 11.8% and 9.5% for the four quarters of fiscal 2011 as compared to the respective prior year periods, and 6.7% for the twelve weeks ended March 20, 2012 versus the prior year period. The first quarter of 2012 marked our eighth consecutive quarter of comparable restaurant sales increases. We believe there are significant opportunities to continue to increase our sales and average check through maintaining our focus on tableside up-selling and salesmanship by our servers and by strategically adjusting menu prices and enhancing our concepts brand awareness through increased marketing efforts. In addition, we are adding seating to select locations, which we believe will increase sales at these restaurants.

Further Grow Our Private Dining Business. We believe we are well-positioned to grow our private dining business due to our commitment to our customers dining experience, our unique locations and our plans to invest in improving our private dining facilities at select locations. All of our restaurants can serve large and small groups for private dining events, including corporate events, sales meetings, presentations, charity events and private parties. We are focused on growing our private dining business as it typically has a higher average check per customer and higher overall margins than regular dining room business. Private dining represented approximately 14.1% of our total sales in the fiscal year ended December 27, 2011. We intend to drive growth by enhancing our private dining capacity and increasing awareness of our private dining services. To help drive this growth, we are creating additional private dining space at select locations by expanding or reconfiguring existing space. In addition, each location currently dedicates a staff member to increasing its private dining business. At the beginning of 2011, we hired a corporate-wide private dining executive who meets weekly with each restaurant s private dining coordinator regarding upcoming events and sales initiatives.

Recent Developments

Our estimated revenues for the twelve weeks ended June 12, 2012 are between $51.1 million and $51.3 million, representing an increase of between $7.6 million and $7.8 million, or 17.5% and 17.9%, from revenues of $43.5 million for the twelve weeks ended June 14, 2011. Net income for the period is estimated to be between $3.1 million and $3.5 million, representing an increase of between $2.1 million and $2.5 million, or 210.0% and 250.0%, from net income of $1.0 million for the twelve weeks ended June 14, 2011. The increase in revenues was primarily due to an additional 32 restaurant operating weeks related to the opening of one Del Frisco s and two Grille locations during 2011, as well as an increase of 4.0% in total comparable restaurant sales. Comparable restaurant sales increased 7.3% at Del Frisco s restaurants, following an increase of 13.2% for the prior year fiscal quarter ended June 14, 2011, and comparable restaurant sales increased 0.3% at Sullivan s restaurants, following an increase of 11.2% for the prior year fiscal quarter ended June 14, 2011. Our comparable restaurant base consisted of 28 restaurants at June 12, 2012. The increase in net income was primarily due to higher revenues and an improved operating income margin driven by favorable year-over-year restaurant operating expenses as a percentage of revenue, lower management fees paid to a related party and lower general and administrative expenses.

Management prepared this estimated financial information in good faith based upon our internal reporting for the twelve weeks ended June 12, 2012. These estimates represent the most current information available to management, and we have not identified any unusual or unique events or trends that occurred during the period which might materially affect these estimates. The preliminary estimates provided above have not been subject to the completion of our normal quarterly closing process and review procedures, and final adjustments and other developments may arise between now and the time the financial results for this period are finalized. As a result, our actual financial results for the twelve weeks ended June 12, 2012 may be different from such preliminary estimates and those differences could be material. Our interim consolidated financial statements for the twelve weeks ended June 12, 2012 are not expected to be filed with the SEC until after this offering is completed.

Our Equity Sponsor

Lone Star Fund V (U.S.), L.P., which we refer to in this prospectus, along with its affiliates and associates (excluding us and other companies that it or they own as a result of their investment activities), as Lone Star Fund, is a leading U.S. private equity firm. Since 1995, the principals of Lone Star Fund have organized private equity funds totaling approximately $33.4 billion to invest globally in corporate secured and unsecured debt instruments, real estate-related assets and select corporate acquisitions. Lone Star Fund has affiliate offices in Dallas, New York, London, Tokyo, Dublin, Brussels, Luxembourg, Frankfurt, France, Montreal and Bermuda. Immediately prior to this offering, Lone Star Fund owned all of our outstanding equity interests, and it will own approximately 68.6% of our common stock immediately following the consummation of this offering, assuming no exercise of the underwriters over-allotment option.

Conflicts of Interest

Certain conflicts of interest may arise in connection with this offering. Specifically, Lone Star Fund, an affiliate of our sole stockholder, will beneficially own a majority of our outstanding common stock immediately after this offering. Therefore, we will be a controlled company and Lone Star Fund will have sufficient voting power to effectively control all matters submitted to our stockholders, including a merger, consolidation or other business combination. In addition, the interests of Lone Star Fund and its principals, members, directors, managers, partners, stockholders, officers, employees and other representatives, some of whom may serve as our directors, may not always coincide with our interests as a company or the interests of our other stockholders. Neither Lone Star Fund nor these individuals will have any duty to refrain from engaging in business that conflicts with ours or to communicate business opportunities to us. As a result, Lone Star Fund may from time to time acquire and hold interests in businesses that compete directly or indirectly with us or pursue acquisition opportunities that may be complementary to our business resulting in those acquisition opportunities not being available to us. See Risk Factors Risks Related to this Offering. We also guarantee five leases for affiliates of Lone Star Fund that are not controlled or managed by our company. At March 20, 2012, the maximum potential amount of future lease payments we could be required to make as a result of the guarantees was $2.4 million. We also intend to use $3.0 million of the proceeds from this offering to make a one-time payment to Lone Star Fund in consideration for the termination of our asset advisory agreement upon consummation of this offering. As a result, upon consummation of the offering, we will enter into a transition services agreement with affiliates of Lone Star Fund pursuant to which we will be provided certain insurance management, legal and benefits administration services. See Certain Relationships and Related Party Transactions Relationships with Lone Star Fund and its Affiliates Termination of Asset Advisory Agreement. Finally, we expect that Mr. Mark S. Mednansky, our Chief Executive Officer, and Mr. Thomas J. Pennison, Jr., our Chief Financial Officer, will be paid a transaction bonus of approximately $1,300,000 and $650,000, respectively, by our parent company in connection with this offering, as discussed in greater detail under Executive Compensation Payments in Connection with the Offering Transaction Bonuses.

Corporate Information

Our corporate headquarters is located at 930 S. Kimball Avenue, Suite 100, Southlake, TX 76092, and our telephone number is (817) 601-3421. Our website address is www.dfrg.com, and we also host www.delfriscos.com, www.sullivanssteakhouse.com and www.delfriscosgrille.com. Information contained on our websites or connected thereto does not constitute a part of this prospectus or the registration statement of which it forms a part. DEL FRISCO S®, SULLIVAN S®, DEL FRISCO S GRILLE and DEL FRISCO S RESTAURANT GROUP , and other trademarks or service marks of ours appearing in this prospectus are the property of Del Frisco s Restaurant Group, LLC. Other trademarks and service marks appearing in this prospectus are the property of their respective holders.

Summary Risk Factors

An investment in our common stock involves various risks. You should consider carefully the risks discussed below and under Risk Factors before purchasing our common stock. If any of these risks actually occur, our business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of our shares of common stock would likely decline and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

- Changes in general economic conditions, including the recent economic downturn and its continuing effects, have adversely impacted our business and results of operations and may continue to do so.
- If our restaurants are not able to compete successfully with other restaurants, our business and results of operations may be adversely affected.
- Our future growth depends on our ability to open new restaurants and operate them profitably, and if we are unable to successfully execute this strategy, our results of operations could be adversely affected.
- If we are unable to increase our sales or improve our margins at existing restaurants, our profitability and overall results of operations may be adversely affected.
- The failure to successfully develop our new Grille concept may have a material adverse effect on our financial condition and results of operations.
- Our growth, including the development of the Grille, may strain our infrastructure and resources, which could delay the opening of new restaurants and adversely affect our ability to manage our existing restaurants.
- Our New York Del Frisco s location represents a significant portion of our revenues, and any significant downturn in its business or disruption in the operation of this location could harm our business, financial condition and results of operations.

Negative customer experiences or negative publicity surrounding our restaurants or other restaurants could adversely affect sales in one or more of our restaurants and make our brands less valuable.

Negative publicity relating to the consumption of beef, including in connection with food-borne illness, could result in reduced consumer demand for our menu offerings, which could reduce sales.

The Offering

Common stock offered by us	4,333,333 shares
Common stock offered by the selling stockholder	2,666,667 shares (or 3,716,667 shares if the underwriters exercise in full their over-allotment option)
Common stock to be outstanding immediately after this offering	22,328,000 shares
Use of proceeds	We estimate our net proceeds from this offering will be approximately $57.2 million, based on the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering as follows: $50.0 million to repay outstanding borrowings under our credit facility, including accrued interest; $3.0 million to make a one-time payment to Lone Star Fund, an affiliate of our controlling stockholder, in consideration for the termination of our asset advisory agreement upon consummation of this offering as described under Certain Relationships and Related Party Transactions Termination of Asset Advisory Agreement; and the remainder of the net proceeds for working capital and other general corporate purposes. We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholder. See Use of Proceeds, Principal and Selling Stockholders and Underwriting.
NASDAQ symbol	DFRG
Risk factors	Investment in our common stock involves substantial risks. You should read this prospectus carefully, including the section entitled Risk Factors and the consolidated financial statements and the related notes to those statements included elsewhere in this prospectus before investing in our common stock.

The number of shares of our common stock to be outstanding immediately after this offering as set forth above is based on the number of shares outstanding as of July 17, 2012

and excludes 2,232,800 shares reserved for issuance under our equity incentive plan (of which no options to purchase shares had been granted as of such date) of which we intend to grant options to purchase approximately 745,000 shares to our executive officers and certain director nominees under our equity incentive plan at the time of the pricing this offering with an exercise price equal to the initial public offering price.

Unless otherwise indicated, this prospectus:

- assumes the completion of the reorganization, as a result of which all membership interests of Del Frisco s Restaurant Group, LLC will be converted into shares of common stock of Del Frisco s Restaurant Group, Inc.;

- assumes an initial public offering price of $15.00 per share, the midpoint of the estimated initial public offering price range, set forth on the cover page of this prospectus; and

- assumes no exercise of the underwriters option to purchase up to an additional 1,050,000 shares of our common stock.

Summary Historical Consolidated Financial and Operating Data

The following table sets forth, for the periods and dates indicated, our summary historical consolidated financial and operating data. We have derived the summary income statement data for the fiscal years ended December 29, 2009, December 28, 2010 and December 27, 2011 from our audited consolidated financial statements, as restated, appearing elsewhere in this prospectus. We have derived the summary income statement data for each of the 12 weeks ended March 22, 2011 and March 20, 2012 and the summary balance sheet data as of March 20, 2012, as restated, from our unaudited interim consolidated financial statements appearing elsewhere in this prospectus. In the opinion of management, these unaudited interim consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position and operating results for these periods. Results from interim periods are not necessarily indicative of results that may be expected for the entire year and historical results are not indicative of the results to be expected in the future. The summary financial data presented below represent portions of our financial statements and are not complete. You should read this information in conjunction with Use of Proceeds, Capitalization, Selected Consolidated and Combined Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes to those statements included elsewhere in this prospectus.

	Fiscal Year Ended(1)			12 Weeks Ended	
	December 29, 2009	December 28, 2010	December 27, 2011	March 22, 2011	March 20, 2012
	(in thousands, except per share data)				
Income Statement Data:					
Revenues	$ 160,177	$ 165,575	$ 201,629	$ 43,352	$ 53,678
Costs and expenses:					
Cost of sales	47,593	50,339	61,647	13,445	16,579
Restaurant operating expenses	69,209	73,601	87,928	18,901	22,673
Marketing and advertising costs	3,523	2,825	4,359	727	874
Pre-opening costs	493	798	3,018	354	70
General and administrative	8,236	7,512	10,640	2,190	2,646
Management and accounting fees paid to related party	2,878	3,345	3,399	469	744
Non-cash impairment charges			1,400		
Depreciation and amortization	6,422	6,624	7,146	1,525	1,713
Operating income	21,823	20,531	22,092	5,741	8,379
Other income (expense), net:					
Interest expense affiliates	(2,281)	(1,775)			
Interest expense other	(5,942)	(9,906)	(8,856)	(1,764)	(1,221)
Dissenting shareholders expense	(1,583)				
Other, net	36	(249)	(114)	2	(3)
Income from continuing operations before income taxes	12,053	8,601	13,122	3,979	7,155
Provision for (benefit from) income taxes	3,441	(129)	4,149	1,237	2,170
Net income	$ 8,612	$ 8,730	$ 8,973	$ 2,742	$ 4,985
Pro forma net income per common share(2):					
Basic and diluted	$ 0.39	$ 0.39	$ 0.40	$ 0.12	$ 0.22
Shares used in computing pro forma net income per share(2):					
Basic and diluted	22,328	22,328	22,328	22,328	22,328

	March 20, 2012	
	Actual	Pro Forma, As Adjusted(3)
	(in thousands)	
Balance Sheet Data (at end of period):		
Cash and cash equivalents(4)	$ 8,672	$ 14,325
Working capital(5)	1,408	8,138
Total assets	230,815	235,012
Total debt	65,000	15,000
Total stockholders equity	100,857	156,222

	Fiscal Year Ended(1)			12 Weeks Ended	
	December 29, 2009	December 28, 2010	December 27, 2011	March 22, 2011	March 20, 2012
	(in thousands, except restaurant and percentage amounts)				
Other Financial Data:					
Net cash provided by operating activities	$ 18,916	$ 12,278	$ 28,079	$ 7,629	$ 4,107
Net cash provided by (used in) investing activities	(28,538)	(1,489)	(6,727)	8,048	(4,554)
Net cash provided by (used in) financing activities	15,587	(19,889)	(11,390)	(11,156)	(5,000)
Capital expenditures	7,755	5,550	20,063	4,749	3,773
Adjusted EBITDA(6)	30,373	30,023	36,785	7,906	10,906
Adjusted EBITDA margin(7)	18.9%	18.1%	18.2%	18.2%	20.3%
Restaurant-level EBITDA(6)	39,852	38,810	47,695	10,279	13,552
Restaurant-level EBITDA margin(8)	24.9%	23.4%	23.7%	23.7%	25.2%
Operating Data:					
Total restaurants (at end of period)	27	28	31	28	31
Total comparable restaurants (at end of period)(9)	23	27	27	27	28
Average sales per comparable restaurant	$ 6,049	$ 6,107	$ 6,668	$ 1,597	$ 1,669
Percentage change in comparable restaurant sales(9)	(18.7)%	4.3%	11.2%	12.1%	6.7%

(1) We utilize a 52- or 53-week accounting period which ends on the last Tuesday of December. The fiscal years ended December 29, 2009, December 28, 2010 and December 27, 2011 each had 52 weeks.

(2) Unaudited pro forma basic and diluted income per share will be computed by dividing net income for each period by the shares of common stock to be issued following our conversion from a limited liability company to a corporation immediately prior to the effectiveness of the registration statement of which this prospectus is a part. Such shares will be assumed to be outstanding for all periods presented. There will be no potentially dilutive securities. There is no other impact to the financial statements as a result of converting from a limited liability company to a corporation, because our historical financial statements have included a provision for income taxes and related deferred income taxes.

(3) Pro forma as adjusted to reflect (i) the receipt of $57.2 million in net proceeds from the issuance of 4,333,333 shares of common stock by us in this offering and (ii) the application of the net proceeds from this offering as set forth under Use of Proceeds, including to make a one-time payment to Lone Star Fund, an affiliate of our controlling shareholder, in the aggregate amount of $3.0 million, in consideration for the termination of our asset advisory agreement upon consummation of this offering as described under Certain Relationships and Related Party Transactions Termination of Asset Advisory Agreement.

(4) We prepaid approximately $1.5 million of transaction expenses through March 20, 2012.

(5) Defined as total current assets minus total current liabilities.

(6) Adjusted EBITDA and restaurant-level EBITDA are metrics used by management to measure operating performance. Adjusted EBITDA represents net income before interest, taxes, and depreciation and amortization, plus the sum of certain non-operating expenses, including pre-opening costs, abandoned registration costs and management fees and expenses. Restaurant-level EBITDA represents net income before interest, taxes and depreciation and amortization, plus the sum of certain non-operating expenses, including pre-opening costs, abandoned registration costs, management fees and expenses and general and administrative expenses.

The following table presents a reconciliation of adjusted EBITDA and restaurant-level EBITDA to net income:

	Fiscal Year Ended			12 Weeks Ended	
	December 29, 2009	December 28, 2010	December 27, 2011	March 22, 2011	March 20, 2012
			(in thousands)		
Net income	$ 8,612	$ 8,730	$ 8,973	$ 2,742	$ 4,985
Provision (benefit) for income taxes	3,441	(129)	4,149	1,237	2,170
Interest income	(36)	(75)	(16)	(2)	(3)
Interest expense other	5,942	9,906	8,856	1,764	1,221
Interest expense affiliate	2,281	1,775			
Non-cash impairment charges			1,400		
Depreciation and amortization	6,422	6,624	7,146	1,525	1,713
Lease guarantee payments and other		324	130		6
Dissenting shareholders expense	1,583				
Pre-opening costs	493	798	3,018	354	70
Management fees and expenses(a)	1,635	2,070	3,129	286	744
Adjusted EBITDA	$ 30,373	$ 30,023	$ 36,785	$ 7,906	$ 10,906
General and administrative	8,236	7,512	10,640	2,190	2,646
Related party shared services fee	1,243	1,275	270	183	
Restaurant-level EBITDA	$ 39,852	$ 38,810	$ 47,695	$ 10,279	$ 13,552

(a) Includes asset management fees and expenses paid to an affiliate of Lone Star Fund pursuant to our asset advisory agreement, but excludes amounts paid to another affiliate of Lone Star Fund for accounting, administrative and management services under our shared services agreement, which is referred to as the related party shared services fee. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Definitions Management and Accounting Fees Paid to Related Party and Certain Relationships and Related Party Transactions Relationships with Lone Star Fund and its Affiliates Termination of Asset Advisory Agreement.

We present adjusted EBITDA and restaurant-level EBITDA as supplemental performance measures because we believe they facilitate a comparative assessment of our operating performance relative to our performance based on our results under generally accepted accounting principles in the United States, or GAAP, while isolating the effects of some items that vary from period to period without any correlation to core operating performance. Specifically, adjusted EBITDA allows for an assessment of our operating performance without the effect of non-cash depreciation and amortization expenses or our ability to service or incur indebtedness. Restaurant-level EBITDA allows for further assessment of our operating performance by eliminating the effect of general and administrative expenses incurred at the corporate level. These measures also function as a benchmark to evaluate our operating performance or compare our performance to that of our competitors because companies within our industry exhibit significant variations with respect to capital structures and cost of capital (which affect interest expense and tax rates) and differences in book depreciation of facilities and equipment (which affect relative depreciation expense), including significant differences in the depreciable lives of similar assets among various companies.

This prospectus also includes information concerning adjusted EBITDA margin, which is defined as the ratio of adjusted EBITDA to revenues, and restaurant-level EBITDA margin, which is defined as the ratio of restaurant-level EBITDA to revenues. We present adjusted EBITDA margin and restaurant-level EBITDA margin because they are used by management as a performance measurement to judge the level of adjusted EBITDA and restaurant-level EBITDA, respectively, generated from revenues. We believe their inclusion is appropriate to provide additional information to investors and other external users of our financial statements.

Adjusted EBITDA, restaurant-level EBITDA, adjusted EBITDA margin and restaurant-level EBITDA margin are not measurements of our financial performance under GAAP and should not be considered in isolation or as an alternative to net income, net cash provided by operating, investing or financing activities or any other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with GAAP. We understand that although adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, it and restaurant-level EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP, as adjusted EBITDA and restaurant-level EBITDA do not reflect:

discretionary cash available to us to invest in the growth of our business;

13

- changes in, or cash requirements for, our working capital needs;

- our capital expenditures or future requirements for capital expenditures;

- the interest expense, or the cash requirements necessary to service interest or principal payments, associated with our indebtedness; or

- depreciation and amortization, which are non-cash charges, although the assets being depreciated and amortized will likely have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements.

(7) Adjusted EBITDA margin is the ratio of adjusted EBITDA to revenues.
(8) Restaurant-level EBITDA margin is the ratio of restaurant-level EBITDA to revenues.
(9) We consider a restaurant to be comparable in the first full period following the eighteenth month of operations. Changes in comparable restaurant sales reflect changes in sales for the comparable group of restaurants over a specified period of time.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors and all other information contained in this prospectus before purchasing our common stock. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline and you may lose some or all of your investment.

Risks Related to Our Business

Changes in general economic conditions, including the recent economic downturn and its continuing effects, have adversely impacted our business and results of operations and may continue to do so.

Purchases at our restaurants are discretionary for consumers and we are therefore susceptible to economic slowdowns. We believe that consumers generally are more willing to make discretionary purchases, including high-end restaurant meals, during favorable economic conditions. The recent economic downturn, continuing disruptions in the overall economy, including the ongoing impacts of the housing crisis, high unemployment, and financial market volatility and unpredictability, and the related reduction in consumer confidence negatively affected customer traffic and sales throughout our industry, including our segment. For example, our revenues decreased 10.2% in fiscal 2009 as compared to fiscal 2008. If the economy experiences a further downturn, our customers, including our business clientele, may further reduce their level of discretionary spending, impacting the frequency with which they choose to dine out or the amount they spend on meals while dining out. We believe the majority of our weekday revenues are derived from business customers using expense accounts and our business therefore may be affected by reduced expense account or other business-related dining by our business clientele. If business clientele were to dine less frequently at our restaurants, our business and results of operations would be adversely affected as a result of a reduction in customer traffic or average revenues per customer.

There is also a risk that if the current negative economic conditions persist for an extended period of time or worsen, consumers might make long-lasting changes to their discretionary spending behavior, including dining out less frequently. The ability of the U.S. economy to recover from this downturn is likely to be affected by many national and international factors that are beyond our control, including current economic trends in Europe. These factors, including national, regional and local politics and economic conditions, disposable consumer income and consumer confidence, also affect discretionary consumer spending. Continued weakness in or a further worsening of the economy, generally or in a number of our markets, and our customers reactions to these trends could adversely affect our business and cause us to, among other things, reduce the number and frequency of new restaurant openings, close restaurants and delay our re-modeling of existing locations.

If our restaurants are not able to compete successfully with other restaurants, our business and results of operations may be adversely affected.

Our industry is intensely competitive with respect to price, quality of service, restaurant location, ambiance of facilities and type and quality of food. A substantial number of national and regional restaurant chains and independently owned restaurants compete with us for customers, restaurant locations and qualified management and other restaurant staff. The principal competitors for our concepts are other upscale steakhouse chains such as Fleming s Prime Steakhouse and Wine Bar, The Capital Grille, Smith & Wollensky, The Palm, Ruth s Chris Steak House and Morton s The Steakhouse. Our concepts also compete with additional restaurants in the broader upscale dining segment. Some of our competitors have greater financial and other resources, have been in business longer, have greater name recognition and are better established in the markets where our restaurants are located or where we may expand. Our inability to compete successfully with other restaurants may harm our ability to maintain acceptable levels of revenue growth, limit or otherwise inhibit our ability to grow one or more of our concepts, or force us to close one or more of our restaurants. We may also need to evolve our concepts in order to compete with popular new restaurant formats or concepts that emerge from time to time, and we cannot provide any assurance that we will be successful in doing so or that any changes we make to any of our concepts in response will be successful or not adversely affect our profitability. In addition, with improving product offerings at fast casual restaurants and quick-service restaurants combined with the effects of negative economic conditions and other factors, consumers may choose less expensive alternatives, which could also negatively affect customer traffic at our restaurants. Any unanticipated slowdown in demand at any of our restaurants due to industry competition may adversely affect our business and results of operations.

Our future growth depends in part on our ability to open new restaurants and operate them profitably, and if we are unable to successfully execute this strategy, our results of operations could be adversely affected.

Our financial success depends in part on management s ability to execute our growth strategy. One key element of our growth strategy is opening new restaurants. We believe there are opportunities to open three to five new restaurants annually, generally composed of one Del Frisco s and two to four Sullivan s and/or Grilles, with new openings of our Grille concept likely serving as the primary driver of new unit growth in the near term. In 2012 we have opened Grilles in Phoenix, Arizona and Washington D.C., and we expect to open two additional restaurants, each of which will be leased, including a Del Frisco s in Chicago, Illinois, and a Grille in Atlanta, Georgia. For the opening of a new restaurant, we measure our cash investment costs net of landlord contributions and equipment financing, but including pre-opening costs. We target average cash investment costs of $7.0 million to $9.0 million for a new Del Frisco s and $3.0 million to $4.5 million for a new Sullivan s or Grille.

Our ability to open new restaurants and operate them profitably is dependent upon a number of factors, many of which are beyond our control, including:

- finding quality site locations, competing effectively to obtain quality site locations and reaching acceptable agreements to lease or purchase sites;
- complying with applicable zoning, land use and environmental regulations and obtaining, for an acceptable cost, required permits and approvals;
- having adequate capital for construction and opening costs and efficiently managing the time and resources committed to building and opening each new restaurant;
- timely hiring and training and retaining the skilled management and other employees necessary to meet staffing needs;
- successfully promoting our new locations and competing in their markets;
- acquiring food and other supplies for new restaurants from local suppliers; and
- addressing unanticipated problems or risks that may arise during the development or opening of a new restaurant or entering a new market.

A new restaurant typically experiences a ramp-up period of approximately 18 months before it achieves our targeted level of performance. This is due to the costs associated with opening a new restaurant, as well as higher operating costs caused by start-up and other temporary inefficiencies associated with opening new restaurants. For example, there are a number of factors which may impact the amount of time and money we commit to the construction and development of new restaurants, including landlord delays, shortages of skilled labor, labor disputes, shortages of materials, delays in obtaining necessary permits, local government regulations and weather interference. Once the restaurant is open, how quickly it achieves a desired level of profitability is impacted by many factors, including the level of market familiarity and acceptance when we enter new markets, as well as the availability of experienced staff and the time required to negotiate reasonable prices for food and other supplies from local suppliers. Our business and profitability may be adversely affected if the ramp-up period for a new restaurant lasts longer than we expect.

If we are unable to increase our sales or improve our margins at existing restaurants, our profitability and overall results of operations may be adversely affected.

Another key aspect of our growth strategy is increasing comparable restaurant sales and improving restaurant-level margins. Improving comparable restaurant sales and restaurant-level margins depends in part on whether we achieve revenue growth through increases in the average check and further expand our private dining business at each restaurant. We believe there are opportunities to increase the average check at our restaurants through, for example, selective introduction of higher priced items and increases in menu pricing. We also believe that expanding and enhancing our private dining capacity will also increase our restaurant sales, as our private dining business typically has a higher average check and higher overall margins than regular dining room business. However, these strategies may prove unsuccessful, especially in times of economic hardship, as customers may not order or enjoy higher priced items and discretionary spending on private dining events may decrease. Select price increases have not historically adversely impacted customer traffic; however, we expect that there is a price level at which point customer traffic would be adversely affected. It is also possible that these changes could cause our sales volume to decrease. If we are not able to increase our sales at existing restaurants for any reason, our profitability and results of operations could be adversely affected.

The failure to successfully develop our new Grille concept could have a material adverse effect on our financial condition and results of operations.

We launched our new concept, the Grille, in the third quarter of 2011 with the opening of our New York location. We also opened a second location in Dallas in the fourth quarter of 2011. We believe that new openings of the Grille are likely to serve as the primary driver of new unit growth in the near term. Our ability to succeed with this new concept will require significant capital expenditures and management attention and is subject to certain risks in addition to those of opening a new restaurant under one of our existing concepts, including customer acceptance of and competition to that concept. If the ramp-up period for our Grille restaurants and for our development of concepts in general does not meet our expectations, our operating results may be adversely affected. In addition, we are targeting restaurant-level EBITDA margins of between 20% and 25% for the Grille. However, because we face new challenges at the Grille, such as predicting demand for new menu selections that are not offered at our other concepts, we cannot provide any assurance that our operating margins will achieve these levels. As a result, we may need to adjust our pricing and menu offering strategies. We may not be successful enough to recoup our investments in the concept. There can be no assurance that we will be able to successfully develop and grow the Grille or any other new concept to a point where it will become profitable or generate positive cash flow or that it will prove to be a platform for future expansion. We may not be able to attract enough customers to meet targeted levels of performance at new restaurants because potential customers may be unfamiliar with our concepts or the atmosphere or menu might not appeal to them. The Grille may even operate at a loss, which could have a material adverse effect on our overall operating results. In addition, opening a new restaurant concept such as a Grille in an existing market could reduce the revenue of our existing restaurants in that market. If we cannot successfully execute our growth strategies for the Grille, or if customer traffic generated by the Grille results in a decline in customer traffic at one of our other restaurants in the same market, our business and results of operations may be adversely affected.

Our growth, including the development of the Grille, may strain our infrastructure and resources, which could delay the opening of new restaurants and adversely affect our ability to manage our existing restaurants.

Following this offering, we plan to continue our current pace of new restaurant growth, including the development and promotion of the Grille. We believe there are opportunities to open three to five restaurants annually, generally composed of one Del Frisco s and two to four Sullivan s and/or Grilles, with new openings of our Grille concept likely serving as the primary driver of new unit growth in the near term. We typically target an average cash investment of approximately $7.0 million to $9.0 million per restaurant for a Del Frisco s restaurant and $3.0 million to $4.5 million for a Sullivan s or a Grille, in each case net of landlord contributions and equipment financing and including pre-opening costs. We are also refreshing a number of our Del Frisco s and Sullivan s locations to, among other things, add additional seating, further grow our private dining business and add patio seating. During 2012, we expect to complete refreshes of four to five Del Frisco s and four to five Sullivan s at an average cost of $0.3 million per location. Thereafter, we expect to complete one to two refreshes each year at an approximate cost of $0.5 million per location. This growth and these investments will increase our operating complexity and place increased demands on our management as well as our human resources, purchasing and site management teams. While we have committed significant resources to expanding our current restaurant management systems, financial and management controls and information systems in connection with our recent growth, if this infrastructure is insufficient to support this expansion, our ability to open new restaurants, including the development and promotion of the Grille, and to manage our existing restaurants, including the expansion of our private dining business, would be adversely affected. If we fail to continue to improve our infrastructure or if our improved infrastructure fails, we may be unable to implement our growth strategy or maintain current levels of operating performance in our existing restaurants.

Our New York Del Frisco s location represents a significant portion of our revenues, and any significant downturn in its business or disruption in the operation of this location could harm our business, financial condition and results of operations.

Our New York Del Frisco s location represented approximately 19%, 20% and 18% of our revenues in 2009, 2010 and 2011, respectively. Accordingly, we are susceptible to any fluctuations in the business at our New York Del Frisco s location, whether as a result of adverse economic conditions, negative publicity, changes in customer preferences or for other reasons. In addition, any natural disaster, prolonged inclement weather, act of terrorism or national emergency, accident, system failure or other unforeseen event in or around New York City could result in a temporary or permanent closing of this location, could influence potential customers to avoid this geographic region or this location in particular or otherwise lead to a decrease in revenues. Any significant interruption in the operation of this location or other reduction in sales could adversely affect our business and results of operations.

Negative customer experiences or negative publicity surrounding our restaurants or other restaurants could adversely affect sales in one or more of our restaurants and make our brands less valuable.

The quality of our food and our restaurant facilities are two of our competitive strengths. Therefore, adverse publicity, whether or not accurate, relating to food quality, public health concerns, illness, safety, injury or government or industry findings concerning our restaurants, restaurants operated by other foodservice providers or others across the food industry supply chain could affect us more than it would other restaurants that compete primarily on price or other factors. A restaurant in Louisville, Kentucky has the right to use, and uses, a specific registration of the Del Frisco s name pursuant to a concurrent use agreement and we license the use of the Del Frisco s name to one restaurant in Orlando, Florida, as described in greater detail in Business Intellectual Property. We do not own or control either of these restaurants and any adverse publicity relating to those operations could negatively affect us. In addition, although we would not be legally liable for any such failure, because the Louisville and Orlando restaurants operate under one of our brand names, we may be subject to litigation as a result of either restaurant s failure to comply with food quality, preparation or other applicable rules and regulations. If customers perceive or experience a reduction in our food quality, service or ambiance or in any way believe we have failed to deliver a consistently positive experience, the value and popularity of one or more of our concepts could suffer. Any shifts in consumer preferences away from the kinds of food we offer, particularly beef, whether because of dietary or other health concerns or otherwise, would make our restaurants less appealing and could reduce customer traffic and/or impose practical limits on pricing.

Negative publicity relating to the consumption of beef, including in connection with food-borne illness, could result in reduced consumer demand for our menu offerings, which could reduce sales.

Instances of food-borne illness, including Bovine Spongiform Encephalopathy, which is also known as BSE or mad cow disease, aphthous fever, which is also known as hoof and mouth disease, as well as hepatitis A, lysteria, salmonella and e-coli, whether or not found the United States or traced directly to one of our suppliers or our restaurants, could reduce demand for our menu offerings. Any negative publicity relating to these and other health-related matters, such as the recent confirmation of a case of mad cow disease in a dairy cow in California, may affect consumers perceptions of our restaurants and the food that we offer, reduce customer visits to our restaurants and negatively impact demand for our menu offerings. Adverse publicity relating to any of these matters, beef in general or other similar concerns could adversely affect our business and results of operations.

Increases in the prices of, and/or reductions in the availability of commodities, primarily beef, could adversely affect our business and results of operations.

Our profitability depends in part on our ability to anticipate and react to changes in commodity costs, which have a substantial effect on our total costs. For example, we purchase large quantities of beef, particularly USDA prime beef and premium choice beef. Our beef costs represented approximately 30%, 32% and 33% of our food and beverage costs during 2009, 2010 and 2011, respectively, and we currently do not purchase beef pursuant to any long-term contractual arrangements with fixed pricing or use futures contracts or other financial risk management strategies to reduce our exposure to potential price fluctuations. The market for USDA prime beef and premium choice beef is particularly volatile and is subject to extreme price fluctuations due to seasonal shifts, climate conditions, the price of feed, industry demand, energy demand and other factors. For example, during 2011, beef costs were impacted by (i) the summer drought in Texas and Oklahoma, (ii) the price of corn, (iii) the entrance of major supermarkets into the USDA choice beef market and (iv) new free trade agreements increasing exports. According to the U.S. Department of Agriculture, average weekly prices for USDA prime beef and premium choice beef increased 15.9% and 11.3%, respectively, in 2011. Due in part to seasonality, purchasing relationships and management of our menu mix, we experienced slightly lower beef cost increases during 2011. Prices may continue to increase through 2012 and beyond. Although we currently do not engage in futures contracts or other financial risk management strategies with respect to potential price fluctuations, from time to time, we may opportunistically enter into fixed price beef supply contracts or contracts for other food products or consider other risk management strategies with regard to our meat and other food costs to minimize the impact of potential price fluctuations. This practice could help stabilize our food costs during times of fluctuating prices, although there can be no assurances that this will occur. However, because our restaurants feature USDA prime beef and premium choice beef, we generally expect to purchase these types of beef even if we have not entered into any such arrangements and the price increased significantly. The prices of other commodities can affect our costs as well, including corn and other grains, which are ingredients we use regularly and are also used as cattle feed and therefore affect the price of beef. Energy prices can also affect our bottom line, as increased energy prices may cause increased transportation costs for beef and other supplies, as well as increased costs for the utilities required to run each restaurant. Historically we have passed increased commodity and other costs on to our customers by increasing the prices of our menu items. While we believe these price increases did not historically affect our customer traffic, there can be no assurance additional price increases would not affect future customer traffic. If prices increase in the future and we are unable to anticipate or mitigate these increases, or if there are shortages for USDA Prime beef and premium choice beef, our business and results of operations would be adversely affected.

We depend upon frequent deliveries of food and other supplies, in most cases from a limited number of suppliers, which subjects us to the possible risks of shortages, interruptions and price fluctuations.

Our ability to maintain consistent quality throughout our restaurants depends in part upon our ability to acquire fresh products, including USDA prime beef and premium choice beef, fresh seafood, quality produce and related items from reliable sources in accordance with our specifications. In addition, we rely on one or a limited number of suppliers for certain ingredients. For example, U.S. Foodservice supplies all of the beef for our restaurants and has done so since June of 2009. This contract expires in June 2015 and can be terminated by either party for any reason upon 90 days advanced notice. This dependence on one or a limited number of suppliers, as well as the limited number of alternative suppliers of USDA prime beef and premium choice beef and quality seafood, subjects us to the possible risks of shortages, interruptions and price fluctuations in beef and seafood. If any of our suppliers is unable to obtain financing necessary to operate its business or is otherwise adversely affected by the economic downturn, does not perform adequately or otherwise fails to distribute products or supplies to our restaurants, or terminates or refuses to renew any contract with us, particularly with respect to one of the suppliers on which we rely heavily for specific ingredients, we may be unable to find an alternative supplier in a short period of time or if we can, it may not be on acceptable terms. Our inability to replace our suppliers in a short period of time on acceptable terms could increase our costs or cause shortages at our restaurants that may cause us to remove certain items from a menu, increase the price of certain offerings or temporarily close a restaurant, which could adversely affect our business and results of operations.

We depend on the services of key executives, and our business and growth strategy could be materially harmed if we were to lose these and executives and were unable to replace them with executives of equal experience and capabilities.

Some of our senior executives, such as Mark S. Mednansky, our Chief Executive Officer, are particularly important to our success because they have been instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, identifying expansion opportunities and arranging necessary financing. We have employment agreements with all members of senior management; however, we cannot prevent our executives from terminating their employment with us. Losing the services of any of these individuals could adversely affect our business until a suitable replacement could be found. We also believe that they could not quickly be replaced with executives of equal experience and capabilities and their successors may not be as effective. We do not maintain key person life insurance policies on any of our executives. See Management.

Changes in consumer preferences and discretionary spending patterns could adversely impact our business and results of operations.

The restaurant industry is characterized by the continual introduction of new concepts and is subject to rapidly changing consumer preferences, tastes and eating and purchasing habits. Our success depends in part on our ability to anticipate and respond quickly to changing consumer preferences, as well as other factors affecting the restaurant industry, including new market entrants and demographic changes. Shifts in consumer preferences away from upscale steakhouses or beef, which is a significant component of our concepts menus and appeal, whether as a result of economic, competitive or other factors, could adversely affect our business and results of operations.

Restaurant companies, including ours, have been the target of class action lawsuits and other proceedings alleging, among other things, violations of federal and state workplace and employment laws. Proceedings of this nature, if successful, could result in our payment of substantial damages.

In recent years, we and other restaurant companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state laws regarding workplace and employment matters, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been instituted from time to time alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal deductions, the sharing of tips amongst certain employees, overtime eligibility of assistant managers and failure to pay for all hours worked. Although we maintain what we believe to be adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these matters. Accordingly, if we are required to pay substantial damages and expenses as a result of these types or other lawsuits our business and results of operations would be adversely affected.

Occasionally, our customers file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to one of our restaurants, including actions seeking damages resulting from food borne illness and relating to notices with respect to chemicals contained in food products required under state law. We are also subject to a variety of other claims from third parties arising in the ordinary course of our business, including personal injury claims, contract claims and claims alleging violations of federal and state laws. In addition, our restaurants are subject to state dram shop or similar laws which generally allow a person to sue us if that person was injured by a legally intoxicated person who was wrongfully served alcoholic beverages at one of our restaurants. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of certain of their customers. In addition, we may also be subject to lawsuits from our employees or others alleging violations of federal and state laws regarding workplace and employment matters, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants.

Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations. In addition, they may generate negative publicity, which could reduce customer traffic and sales. Although we maintain what we believe to be adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims or any adverse publicity resulting from claims could adversely affect our business and results of operations.

Our business is subject to substantial government regulation.

Our business is subject to extensive federal, state and local government regulation, including regulations related to the preparation and sale of food, the sale of alcoholic beverages, the sale and use of tobacco, zoning and building codes, land use and employee, health, sanitation and safety matters. For example, the preparation, storing and serving of food and the use of certain ingredients is subject to heavy regulation. Alcoholic beverage control regulations govern various aspects of our restaurants daily operations, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing and inventory control, handling and storage. Typically our restaurants licenses to sell alcoholic beverages must be renewed annually and may be suspended or revoked at any time for cause. In addition, because we operate in a number of different states, we are also required to comply with a number of different laws covering the same topics. The failure of any of our restaurants to timely obtain and maintain necessary governmental approvals, including liquor or other licenses, permits or approvals required to serve alcoholic beverages or food could delay or prevent the opening of a new restaurant or prevent regular day-to-day operations, including the sale of alcoholic beverages, at a restaurant that is already operating, any of which would adversely affect our business and results of operations.

In addition, the costs of operating our restaurants may increase if there are changes in laws governing minimum hourly wages, working conditions, overtime and tip credits, health care, workers compensation insurance rates, unemployment tax rates, sales taxes or other laws and regulations such as those governing access for the disabled, including the Americans with Disabilities Act. For example, the Federal Patient Protection and Affordable Care Act, or PPACA, which was enacted on March 23, 2010, among other things, includes guaranteed coverage requirements and imposes new taxes on health insurers and health care benefits that could increase the costs of providing health benefits to employees. In addition, because we have a significant number of restaurants located in certain states, regulatory changes in these states could have a disproportionate impact on our business. If any of the foregoing increased costs and we were unable to offset the change by increasing our menu prices or by other means, our business and results of operations could be adversely affected.

Government regulation can also affect customer traffic at our restaurants. A number of states, counties and cities have enacted menu labeling laws requiring multi-unit restaurant operators to disclose certain nutritional information. For example, the PPACA establishes a uniform, federal requirement for restaurant chains with 20 or more locations operating under the same trade name and offering substantially the same menus to post nutritional information on their menus, including the total number of calories. The law also requires such restaurants to provide to consumers, upon request, a written summary of detailed nutritional information, including total calories and calories from fat, total fat, saturated fat, cholesterol, sodium, total carbohydrates, complex carbohydrates, sugars, dietary fiber, and total protein in each serving size or other unit of measure, for each standard menu item. The FDA is also permitted to require additional nutrient disclosures, such as trans fat content. We are not currently subject to requirements to post nutritional information on our menus or in our restaurants, but because we currently operate 19 Sullivan s locations, if we open a new Sullivan s location we would be subject to the rules established by the FDA under the PPACA once they become effective. The final rules are expected to be published in November 2012. Our compliance with the PPACA or other similar laws to which we may become subject could reduce demand for our menu offerings, reduce customer traffic and/or reduce average revenue per customer, which would have an adverse effect on our revenue. Also, further government regulation restricting smoking in restaurants and bars, may reduce customer traffic. Any reduction in customer traffic related to these or other government regulations could affect revenues and adversely affect our business and results of operations.

To the extent that governmental regulations impose new or additional obligations on our suppliers, including, without limitation, regulations relating to the inspection or preparation of meat, food and other products used in our business, product availability could be limited and the prices that our suppliers charge us could increase. We may not be able to offset these costs through increased menu prices, which could have a material adverse effect on our business. If any of our restaurants were unable to serve particular food products, even for a short period of time, or if we are unable to offset increased costs, our business and results of operations could be adversely affected.

Changes to minimum wage laws could increase our labor costs substantially.

Under the minimum wage laws in most jurisdictions, we are permitted to pay certain hourly employees a wage that is less than the base minimum wage for general employees because these employees receive tips as a substantial part of their income. As of March 20, 2012, approximately 48.4% of our employees earn this lower minimum wage in their respective locations since tips constitute a substantial part of their income. If cities, states or the federal government change their laws to require all employees to be paid the general employee minimum base wage regardless of supplemental tip income, our labor costs would increase substantially. In addition, any increase in the minimum wage, such as the increase in the minimum wage on July 24, 2009 to $7.25 per hour under the Federal Minimum Wage Act of 2007, would increase our costs. Certain states in which we operate restaurants have adopted or are considering adopting minimum wage statutes that exceed the federal minimum wage as well. We may be unable or unwilling to increase our prices in order to pass these increased labor costs on to our customers, in which case, our business and results of operations could be adversely affected.

We occupy most of our restaurants under long-term non-cancelable leases for which we may remain obligated to perform under even after a restaurant closes, and we may be unable to renew leases at the end of their terms. We also guarantee five leases with third parties for affiliates of Lone Star Fund.

All but two of our restaurants are located in leased premises. Many of our current leases are non-cancelable and typically have terms ranging from five to 15 years with renewal options for terms ranging from five to 10 years. We believe that leases that we enter into in the future will be on substantially similar terms. If we were to close or fail to open a restaurant at a location we lease, we would generally remain committed to perform our obligations under the applicable lease, which could include, among other things, payment of the base rent for the balance of the lease term. Our obligation to continue making rental payments and fulfilling other lease obligations in respect of leases for closed or unopened restaurants could have a material adverse effect on our business and results of operations. Alternatively, at the end of the lease term and any renewal period for a restaurant, we may be unable to renew the lease without substantial additional cost, if at all. If we cannot renew such a lease we may be forced to close or relocate a restaurant, which could subject us to construction and other costs and risks. We also guarantee five leases entered into by various operating subsidiaries of Lone Star Steakhouse & Saloon that were entered into by certain of the Casual Dining Companies prior to the acquisition of Lone Star Steakhouse and Saloon by Lone Star Fund. At March 20, 2012, the maximum potential amount of future lease payments we could be required to make as a result of the guarantees was $2.4 million. The entities that are party to these leases are not controlled or managed by us. See Management s Discussion and Analysis of Financial Condition and

Results of Operations Off-Balance Sheet Arrangements. If we are required to make payments under one of our leases after a restaurant closes or one of the leases that we guarantee, or if we are unable to renew our restaurant leases, our business and results of operations could be adversely affected.

The impact of negative economic factors, including the availability of credit, on our landlords and other retail center tenants could negatively affect our financial results.

Negative effects on our existing and potential landlords due to the inaccessibility of credit and other unfavorable economic factors may, in turn, adversely affect our business and results of operations. If our landlords are unable to obtain financing or remain in good standing under their existing financing arrangements, they may be unable to provide construction contributions or satisfy other lease covenants to us. If any landlord files for bankruptcy protection, the landlord may be able to reject our lease in the bankruptcy proceedings. While we would have the option to retain our rights under the lease, we could not compel the landlord to perform any of its obligations and would be left with damages as our sole recourse. In addition, if our landlords are unable to obtain sufficient credit to continue to properly manage their retail sites, we may experience a drop in the level of quality of such retail centers. Our development of new restaurants may also be adversely affected by the negative financial situations of developers and potential landlords. Many landlords have delayed or cancelled recent development projects (as well as renovations of existing projects) due to the instability in the credit markets and recent declines in consumer spending, which has reduced the number of high-quality locations available that we would consider for our new restaurants. In addition, several other tenants at retail centers in which we are located or where we have executed leases have ceased operations or, in some cases, have deferred openings or failed to open after committing to do so. These failures may lead to reduced customer traffic and a general deterioration in the surrounding retail centers in which our restaurants are located and may contribute to lower customer traffic at our restaurants. If any of the foregoing affect any of our landlords or their other retail tenants our business and results of operations may be adversely affected.

Fixed rental payments account for a significant portion of our operating expenses, which increases our vulnerability to general adverse economic and industry conditions and could limit our operating and financing flexibility.

Payments under our operating leases account for a significant portion of our operating expenses and we expect the new restaurants we open in the future will similarly be leased by us. Specifically, payments under our operating leases accounted for 11.1%, 11.1% and 13.0% of our restaurant operating expenses in 2009, 2010 and 2011, respectively. Our substantial operating lease obligations could have significant negative consequences, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring a substantial portion of our available cash flow to be applied to our rental obligations, thus reducing cash available for other purposes;
- limiting our flexibility in planning for or reacting to changes in our business or the industry in which we compete; and
- placing us at a disadvantage with respect to some of our competitors.

We depend on cash flow from operations to pay our lease obligations and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities and sufficient funds are not otherwise available to us from borrowings under our credit facility or other sources, we may not be able to meet our operating lease obligations, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which could adversely affect our business and results of operations.

Our level of indebtedness and any future indebtedness we may incur may limit our operational and financing flexibility and negatively impact our business.

We currently have a credit facility that provides for a term loan of $70.0 million and a revolving loan of up to $10.0 million. On an as adjusted basis giving effect to this offering and the application of the proceeds, as of March 20, 2012, we would have had approximately $15.0 million of total indebtedness. In particular, we expect to have approximately $15.0 million of outstanding indebtedness under our term loan facility and no outstanding indebtedness under our revolving credit facility after giving effect to this offering and the application of the proceeds. See Use of Proceeds. For the years ended December 28, 2010 and December 27, 2011, our net principal repayments on indebtedness were $26.4 million and $80.7 million, respectively, and cash interest expenses for such periods were $10.1 million and $5.6 million, respectively. In addition, we may incur substantial additional indebtedness in the future. Our credit facility, and other debt instruments we may enter into in the future, may have important consequences to you, including the following:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;

- we are required to use a significant portion of our cash flows from operations to pay interest on our indebtedness, which will reduce the funds available to us for operations and other purposes;

- our level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt;

- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited; and

- our level of indebtedness may make us more vulnerable to economic downturns and adverse developments in our business.

Following this offering we expect that we will depend primarily on cash generated by our operations for funds to pay our expenses and any amounts due under our credit facility and any other indebtedness we may incur. Our ability to make these payments depends on our future performance, which will be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flows from operations in the future and our currently anticipated growth in revenues and cash flows may not be realized, either or both of which could result in our being unable to repay indebtedness or to fund other liquidity needs. If we do not have enough money, we may be required to refinance all or part of our then existing debt, sell assets or borrow more money, in each case on terms that are not acceptable to us, or at all. In addition, the terms of existing or future debt agreements, including our existing credit facility, may restrict us from adopting any of these alternatives. Our ability to recapitalize and incur additional debt in the future could also delay or prevent a change in control of our company, make some transactions more difficult and impose additional financial or other covenants on us. Our current indebtedness and any inability to pay our debt obligations as they come do or inability to incur additional debt could adversely affect our business and results of operations.

The terms of our credit facility impose operating and financial restrictions on us.

Our credit facility contains a number of significant restrictions and covenants that generally limit our ability to, among other things:

- pay dividends or purchase stock or make other restricted payments to our equityholders;
- incur additional indebtedness;
- issue guarantees;
- make investments;
- use assets as security in other transactions;
- sell assets or merge with or into other companies;
- make capital expenditures;
- enter into transactions with affiliates;
- sell equity or other ownership interests in our subsidiaries; and
- create or permit restrictions on our subsidiaries ability to make payments to us.

Our credit facility limits our ability to engage in these types of transactions even if we believed that a specific transaction would contribute to our future growth or improve our operating results. Our credit facility also requires us to achieve specified financial and operating results and maintain compliance with specified financial ratios. Specifically, these covenants require that we have a fixed charge coverage ratio of greater than 1.50, a leverage ratio of less than 3.25, consolidated liquidity of greater than or equal to $3.0 million and adjusted restaurant-level EBITDA (as defined in the credit facility on a rolling four fiscal quarter basis) of greater than or equal to $30.0 million. As of March 20, 2012, we were in compliance with each of these tests. Specifically, as of March 20, 2012, the fixed charge coverage ratio was 2.29, the leverage ratio was 1.43, our consolidated liquidity was approximately $18.7 million and our adjusted restaurant-level EBITDA was approximately $51.2 million. Our ability to comply with these provisions may be affected by events beyond our control. A breach of any of these provisions or our inability to comply with required financial ratios in our credit facility could result in a default under the credit facility in which case the lenders will have the right to declare all borrowings to be immediately due and payable. In addition, the lenders will have the right to declare all borrowings to be immediately due and payable upon the occurrence of certain change of control events relating to us. If we are unable to repay all borrowings when due, whether at maturity or if declared due and payable following a default or change of control event, the lenders would have the right to proceed against the collateral granted to secure the indebtedness. If we breach these covenants or fail to comply with the terms of the credit facility, or a change of control event occurs, and the lenders accelerate the amounts outstanding under the credit facility our business and results of operations would be adversely affected.

Our credit facility carries floating interest rates, thereby exposing us to market risk related to changes in interest rates. Accordingly, our business and results of operations may be adversely affected by changes in interest rates. Assuming a 100 basis point increase on our base interest rate on our credit facility and a full drawdown on the term loan and revolving credit facility, our interest expense would increase by approximately $0.8 million over the course of 12 months. As of March 20, 2012, the balance outstanding under the $70.0 million term loan was $65.0 million, and we had no borrowings outstanding under the $10.0 million revolving credit facility.

We could face labor shortages that could slow our growth and adversely impact our ability to operate our restaurants.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including restaurant managers, kitchen staff and servers, necessary to keep pace with our anticipated expansion schedule and meet the needs of our existing restaurants. A sufficient number of qualified individuals of the requisite caliber to fill these positions may be in short supply in some communities. Competition in these communities for qualified staff could require us to pay higher wages and provide greater benefits. Any inability to recruit and retain qualified individuals may also delay the planned openings of new restaurants and could adversely impact our existing restaurants. Any such inability to retain or recruit qualified employees, increased costs of attracting qualified employees or delays in restaurant openings could adversely affect our business and results of operations.

The failure to enforce and maintain our intellectual property rights could enable others to use names confusingly similar to the names and marks used by our restaurants, which could adversely affect the value of our brands.

We have registered, or have applications pending to register, the names Del Frisco s, Double Eagle Steak House, Sullivan s, Del Frisco s Grille and certain other names and logos used by our restaurants as trade names, trademarks or service marks with the United States Patent and Trademark Office and in certain foreign countries. We have the exclusive right to use these trademarks throughout the United States, other than with respect to one location in Louisville, Kentucky, including the 50 mile surrounding area, where an unrelated third party has the right to use a specific registration of the Del Frisco s name in Jefferson and Fayette Counties in Kentucky, Marion County in Indiana and Hamilton County in Ohio, and one location in Orlando, Florida, where an unrelated third party has a license to use the Del Frisco s name in Orange, Seminole and Ocala counties through June 1, 2013, as described in greater detail in Business Intellectual Property. The success of our business depends in part on our continued ability to utilize our existing trade names, trademarks and service marks as currently used in order to increase our brand awareness. In that regard, we believe that our trade names, trademarks and service marks are valuable assets that are critical to our success. The unauthorized use or other misappropriation of our trade names, trademarks or service marks could diminish the value of our brands and restaurant concepts and may cause a decline in our revenues and force us to incur costs related to enforcing our rights. In addition, the use of trade names, trademarks or service marks similar to ours in some markets may keep us from entering those markets. While we may take protective actions with respect to our intellectual property, these actions may not be sufficient to prevent, and we may not be aware of all incidents of, unauthorized usage or imitation by others. Any such unauthorized usage or imitation of our intellectual property, including the costs related to enforcing our rights, could adversely affect our business and results of operations.

Information technology system failures or breaches of our network security, including with respect to confidential information, could interrupt our operations and adversely affect our business.

We rely on our computer systems and network infrastructure across our operations, including point-of-sale processing at our restaurants. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could and subject us to litigation or actions by regulatory authorities. In addition, the majority of our restaurant sales are by credit or debit cards. Other restaurants and retailers have experienced security breaches in which credit and debit card information of their customers has been stolen. If this or another type of breach occurs at one of our restaurants, we may become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of our customers credit or debit card information. Although we employ both internal resources and external consultants to conduct auditing and testing for weaknesses in our systems, controls, firewalls and encryption and intend to maintain and upgrade our security technology and operational procedures to prevent such damage, breaches or other disruptive problems, there can be no assurance that these security measures will be successful. Any such claim, proceeding or action by a regulatory authority, or any adverse publicity resulting from these allegations, could adversely affect our business and results of operations.

Risks Related to This Offering

There is no existing market for our common stock and we do not know if one will develop to provide you with adequate liquidity.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market, and if developed, may not be sustained, or how liquid any trading market might become. The initial public offering price for our common stock was determined by negotiations between us and the underwriters and does not purport to be indicative of prices that will prevail in the open market following this offering. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to acquire other companies by using our shares as consideration. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy at the time you wish to sell them or at a price that you consider reasonable.

Our stock price may be volatile, the market price of our common stock may decline and you could lose all or a significant part of your investment.

Even if an active trading market for our common stock develops, the market price of our common stock could be subject to wide fluctuations in response to many factors, some of which are beyond our control, including:

- our quarterly or annual earnings or those of other companies in our industry;
- the failure of securities analysts to cover our common stock after this offering or changes in financial estimates by analysts who cover us, our competitors or the restaurant industry in general and the fine dining segment in particular;
- announcements by us or our competitors of new locations or menu items, capacity changes, strategic investments or acquisitions;
- actual or anticipated variations in our or our competitors operating results, and our and our competitors growth rates;
- failure by us or our competitors to meet analysts projections or guidance that we or our competitors may give the market;
- general or regional economic conditions;
- fluctuations in operating results;
- additions or departures of our senior management personnel;
- terrorist acts;

- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- short sales, hedging and other derivative transactions in the shares of our common stock;
- future sales or issuances of our common stock, including sales or issuances by us, our directors or executive officers and our significant stockholders;
- our dividend policy; and
- investor perceptions of us, our competitors and our industry.

Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. These broad market and restaurant industry fluctuations, as well as general economic, political and market conditions such as recessions or interest rate changes may cause the market price of our common stock to decline. If the market price of our common stock after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment.

In addition, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management s attention from other business concerns, which could seriously harm our business.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced in part by the research and other reports that industry or securities analysts may publish about us or our business. We do not currently have any and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts who cover us downgrade our stock or if analysts issue other unfavorable commentary, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Lone Star Fund owns a substantial portion of our common stock, it may have conflicts of interest with other stockholders in the future and its significant ownership will limit your ability to influence corporate matters.

Immediately after this offering, Lone Star Fund will beneficially own approximately 68.6% (or 63.9% if the underwriters over-allotment option is exercised in full) of our outstanding common stock. As a result of this concentration of stock ownership, Lone Star Fund acting on its own has sufficient voting power to effectively control all matters submitted to our stockholders for approval that do not require a super majority, including director elections and proposed amendments to our bylaws.

In addition, this concentration of ownership may delay or prevent a merger, consolidation or other business combination or change in control of our company and make some transactions that might otherwise give you the opportunity to realize a premium over the then-prevailing market price of our common stock more difficult or impossible without the support of Lone Star Fund. The interests of Lone Star Fund may not always coincide with our interests as a company or the interests of other stockholders. Accordingly, Lone Star Fund could cause us to enter into transactions or agreements of which you would not approve or make decisions with which you would disagree. This concentration of ownership may also adversely affect our share price.

Additionally, Lone Star Fund is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Lone Star Fund may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. In recognition that principals, members, directors, managers, partners, stockholders, officers, employees and other representatives of Lone Star Fund and its affiliates and investment funds may serve as our directors or officers, our certificate of incorporation to be adopted in connection with this offering will provide, among other things, that none of Lone Star Fund or any principal, member, director, manager, partner, stockholder, officer, employee or other representative of Lone Star Fund has any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business that we do. In the event that any of these persons or entities acquires knowledge of a potential transaction or matter which may be a corporate opportunity for itself and us, we will not have any expectancy in such corporate opportunity, and these persons and entities will not have any duty to communicate or offer such corporate opportunity to us and may pursue or acquire such corporate opportunity for itself or direct such opportunity to another person. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations or prospects if, among other things, attractive corporate opportunities are allocated by the sponsors to themselves or their other affiliates. The terms of our certificate of incorporation to be adopted are more fully described in Description of Capital Stock Corporate Opportunities and Transactions with Lone Star Fund.

Certain of our executive officers will have personal interests in the Offering.

Certain of our executive officers may receive payments, equity or both in connection with this offering. Specifically, we expect that Mr. Mednansky, our Chief Executive Officer, and Mr. Pennison, our Chief Financial Officer, will be paid a transaction bonus of approximately $1,300,000 and $650,000, respectively, by our parent company in connection with this offering, as discussed in greater detail under Executive Compensation Payments in Connection with the Offering Transaction Bonuses. In addition, we intend to grant options to purchase shares of common stock to our executive officers under our equity incentive plan at the time of the pricing this offering with an exercise price equal to the initial public offering price, none of which will be vested at the time of the offering.

We are a controlled company within the meaning of the NASDAQ rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Upon completion of this offering, Lone Star Fund will continue to control a majority of the voting power of our outstanding common stock. As a result, we are a controlled company within the meaning of the NASDAQ corporate governance standards. Under the NASDAQ rules, a company of which more than 50% of the voting power is held by another company is a controlled company and need not comply with certain requirements, including the requirement that a majority of the board of directors consist of independent directors and the requirements that our compensation and nominating and corporate governance committees be comprised entirely of independent directors. Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors nor will our nominating and compensation committees consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance requirements.

Future sales of our common stock in the public market could cause our stock price to fall.

If our existing stockholder sells substantial amounts of our common stock in the public market following this offering, the market price of our common stock could decrease significantly. The perception in the public market that our existing stockholder might sell substantial amounts of our common stock could also depress the market price of our common stock. Any such sale or perception could also impair our ability to raise capital or pay for acquisitions using our equity securities.

Immediately after completion of this offering, we will have 22,328,000 shares of common stock outstanding, including 15,328,000 shares that will be beneficially owned by Lone Star Fund. Of our issued and outstanding shares, all of the shares sold in this offering will be freely transferable without restriction or additional registration other than shares held by our affiliates, as that term is defined in Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. Following completion of this offering, Lone Star Fund will beneficially own approximately 68.6% of our outstanding shares of common stock (or 63.9% if the underwriters exercise their over-allotment option in full) and, unless such shares are registered under the Securities Act, may only be resold into the public markets in accordance with the requirements of Rule 144, including the volume limitations, manner of sale requirements and notice requirements thereof. See Shares Eligible for Future Sale. In addition, the remaining shares of our common stock that will be outstanding immediately after completion of this offering will become eligible for sale in the public markets from time to time, subject to Securities Act restrictions, following the expiration of lock-up agreements. We, Lone Star Fund, and our officers and directors have signed lock-up agreements with the underwriters that will, subject to certain exceptions, restrict the sale of shares of our common stock held by them for 180 days following the date of this prospectus, subject to extension in the case of an earnings release or material news or a material event relating to us. Deutsche Bank Securities, Inc. and Piper Jaffray & Co. may, without notice except in certain limited circumstances, release all or any portion of the shares of common stock subject to lock-up agreements. See Underwriting for a description of these lock-up agreements. Upon the expiration of the lock-up agreements described above, all of such shares will be eligible for resale in the public market, subject in the case of shares held by our affiliates, to the volume, manner of sale and other limitations under Rule 144. We expect that Lone Star Fund will be considered an affiliate of us 180 days after this offering based on their expected share ownership following this offering.

After completion of this offering, Lone Star Fund will have the right to demand that we file a registration statement with respect to the shares of our common stock held by it, and will have the right to include its shares in any registration statement that we file with the Securities and Exchange Commission, or SEC, subject to certain exceptions. See Shares Eligible for Future Sale. Any registration of the shares owned by Lone Star Fund would enable those shares to be sold in the public market, subject to certain restrictions in our registration rights agreement and the restrictions under the lock-up agreements referred to above.

The market price for shares of our common stock may drop significantly when the restrictions on resale by our existing stockholder lapse or if those restrictions on resale are waived. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities. In addition, following this offering, we intend to file a registration statement on Form S-8 under the Securities Act registering shares under our stock incentive plan. Subject to the terms of the awards granting the shares included in this registration statement and except for shares held by affiliates who will have certain restrictions on their ability to sell, the shares will be available for sale in the public market immediately after the registration statement is filed. We expect that the initial registration statement on Form S-8 will cover 2,232,800 shares of our common stock. See Shares Eligible for Future Sale.

If you purchase shares of common stock sold in this offering, you will experience immediate and substantial dilution.

If you purchase shares in this offering, the value of your shares based on our actual book value will immediately be less than the price you paid. This reduction in the value of your equity is known as dilution. This dilution occurs in large part because our earlier investors paid substantially less than the initial public offering price when they purchased their shares of our common stock. If you purchase shares in this offering, you will suffer, as of March 20, 2012, immediate dilution of $13.06 per share, in the net tangible book value after giving effect to the sale of common stock in this offering at an initial public offering price of $15.00 per share less underwriting discounts and commissions and the estimated expenses payable by us, and the application of the net proceeds as described in Use of Proceeds. If outstanding options to purchase our shares of common stock are exercised in the future you will experience additional dilution. In addition, if we raise funds by issuing additional securities, the newly issued shares will further dilute your percentage ownership of our company.

We plan to grant options in connection with this offering, and in the future expect to issue options, restricted stock and other forms of stock-based compensation, which have the potential to dilute stockholder value and cause the price of our common stock to decline.

We intend to grant options to purchase shares of common stock under our equity incentive plan at the time of the pricing of this offering with an exercise price equal to the initial public offering price, none of which will be vested at the time of this offering. In addition, we expect to offer stock options, restricted stock and other forms of stock-based compensation to our directors, officers and employees in the future. If the options that we issue are exercised, or any restricted stock that we may issue vests, and those shares are sold into the public market, the market price of our common stock may decline. In addition, the availability of shares of common stock for award under our equity incentive plan, or the grant of stock options, restricted stock or other forms of stock-based compensation, may adversely affect the market price of our common stock.

Our ability to raise capital in the future may be limited.

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to common shareholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing shareholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our shareholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

We are a holding company and depend on the cash flow of our subsidiaries.

We are a holding company with no material assets other than the equity interests of our subsidiaries. Our subsidiaries conduct substantially all of our operations and own substantially all of our assets and intellectual property. Consequently, our cash flow and our ability to meet our obligations and pay any future dividends to our stockholders depends upon the cash flow of our subsidiaries and the payment of funds by our subsidiaries directly or indirectly to us in the form of dividends, distributions and other payments. Any inability on the part of our subsidiaries to make payments to us could have a material adverse effect on our business, financial condition and results of operations.

Provisions of our charter documents, Delaware law and other documents could discourage, delay or prevent a merger or acquisition at a premium price.

Provisions in our certificate of incorporation and bylaws that we intend to adopt prior to the consummation of this offering may have the effect of delaying or preventing a change of control or changes in our management. For example, our certificate of incorporation and bylaws include provisions that:

- permit us to issue without stockholder approval preferred stock in one or more series and, with respect to each series, fix the number of shares constituting the series and the designation of the series, the voting powers, if any, of the shares of the series and the preferences and other special rights, if any, and any qualifications, limitations or restrictions, of the shares of the series;
- prevent stockholders from calling special meetings;
- restrict the ability of stockholders to act by written consent after such time as Lone Star Fund owns less than a majority of our common stock;
- limit the ability of stockholders to amend our certificate of incorporation and bylaws;
- require advance notice for nominations for election to the board of directors and for stockholder proposals;
- do not permit cumulative voting in the election of our directors, which means that the holders of a majority of our common stock may elect all of the directors standing for election; and
- establish a classified board of directors with staggered three-year terms.

These provisions may discourage, delay or prevent a merger or acquisition of our company, including a transaction in which the acquiror may offer a premium price for our common stock.

We are also subject to Section 203 of the Delaware General Corporation Law, or the DGCL, which, subject to certain exceptions, prohibits us from engaging in any business combination with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder. In addition, our equity incentive plan will permit vesting of stock options and restricted stock, and payments to be made to the employees thereunder in certain circumstances, in connection with a change of control of our company, which could discourage, delay or prevent a merger or acquisition at a premium price. In addition, our credit facility includes, and other debt instruments we may enter into in the future may include, provisions entitling the lenders to demand immediate repayment of all borrowings upon the occurrence of certain change of control events relating to our company, which also could discourage, delay or prevent a business combination transaction. See Description of Capital Stock Provisions of Our Certificate of Incorporation and Bylaws to be Adopted and Delaware Law That May Have an Anti-Takeover Effect.

We are an emerging growth company and we cannot be certain if we will be able to maintain such status or if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart our Business Startups Act of 2012, or JOBS Act, and we intend to adopt certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include, but are not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an emerging growth company. We may remain as an emerging growth company for up to five full fiscal years following our initial public offering. We would cease to be an emerging growth company, and therefore not be able to rely upon the above exemptions, if we have more than $1 billion in annual revenues in a fiscal year, we issue more than $1 billion of non-convertible debt over a three-year period or we have more than $700 million in market value of our common stock held by non-affiliates as of any June 30 before the end of the five full fiscal years.

Additionally, because the JOBS Act has only recently been enacted, it is not yet clear whether investors will accept the more limited disclosure requirements that we may be entitled to follow so long as we qualify as an emerging growth company. Therefore, we cannot predict if investors will find our common stock less attractive because we will rely on any of the exemptions discussed above. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

If we are unable to implement and maintain the effectiveness of our internal control over financial reporting, our independent registered public accounting firm may not be able to provide an unqualified report on our internal controls, which could adversely affect our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, starting with the second annual report that we file with the SEC after the consummation of this offering, our management will be required to report on the effectiveness of our internal control over financial reporting. In addition, once we no longer qualify as an emerging growth company under the JOBS Act and lose the ability to rely on the exemptions related thereto discussed above, our independent registered public accounting firm will also need to attest to the effectiveness of our internal control over financial reporting under Section 404. We may encounter problems or delays in completing the implementation of any changes necessary to our internal control over financial reporting to conclude such controls are effective. If we conclude and, once we no longer qualify as an emerging growth company under the JOBS Act, our independent registered public accounting firm concludes, that our internal control over financial reporting is not effective, investor confidence and our stock price could decline.

Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of NASDAQ listing rules, and result in a breach of the covenants under our financing arrangements. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements also could suffer if we or our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting. This could materially adversely affect us and lead to a decline in the price of our common stock.

Because we do not anticipate paying any dividends for the foreseeable future, you may not receive any return on your investment unless you sell your common stock for a price greater than that which you paid for it.

Although the agreements governing our indebtedness do not directly restrict our ability to do so, we do not anticipate paying any dividends to our stockholders for the foreseeable future. Accordingly, you may have to sell some or all of your common stock in order to generate cash flow from your investment. You may not receive a gain on your investment when you sell our common stock and may lose some or the entire amount of your investment. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our financial condition, operating results, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant.

We could incur increased costs as a result of being a publicly-traded company.

As a company with publicly-traded securities, we could incur significant legal, accounting and other expenses not presently incurred, both before and after we cease to qualify as an emerging growth company. In addition, the Sarbanes-Oxley Act of 2002, as well as rules promulgated by the SEC and NASDAQ, require us to adopt corporate governance practices applicable to U.S. public companies. These rules and regulations may increase our legal and financial compliance costs and may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Although we will benefit from some of the disclosure and attestation exemptions under the JOBS Act discussed above for the period in which we qualify as an emerging growth company, we do not expect the deferrals to materially alter the costs and burdens we will experience as a public company.

In addition, sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. We have also been transitioning certain services previously provided to us by affiliates of Lone Star Fund, our controlling shareholder, to internal or third party providers in preparation for the termination of our Asset Advisory Agreement with them upon the completion of this offering. These services include, among other things, real estate management and legal advisory services. See Certain Relationships and Related Party Transactions Relationships with Lone Star Fund and its Affiliates Termination of Asset Advisory Agreement. These activities and the related transitions may not be successful and may divert management s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We expect to incur significant additional annual expenses related to these steps and, among other things, additional directors and officers liability insurance, director fees, reporting requirements, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses.

Our reported financial results may be adversely affected by changes in accounting principles applicable to us.

Generally accepted accounting principles in the U.S. are subject to interpretation by the Financial Accounting Standards Board, or FASB, the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change. In addition, the SEC has announced a multi-year plan that could ultimately lead to the use of International Financial Reporting Standards by U.S. issuers in their SEC filings. Any such change could have a significant effect on our reported financial results.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. They may contain words such as believe, expect, anticipate, estimate, intend, plan, target, project, likely, will, would, cou of similar meaning. Forward-looking statements may relate to, among other things:

- our ability to successfully adjust to changes in consumer preferences, discretionary spending patterns and general economic conditions, including recent economic events;
- our restaurants ability to successfully compete;
- our expectations regarding future growth, including our ability to open new restaurants and operate them profitably;
- our ability to develop the Grille and any other new concepts;
- our ability to maintain and grow our reputation and the acceptance of our brands;
- our expectations regarding higher operating costs, including labor costs;
- our ability to obtain our principal food products and manage related costs;
- our expectations regarding the seasonality of our business;
- our expectations regarding litigation or other legal proceedings;
- the impact of federal, state or local government statutes, rules and regulations;
- our expectations regarding the loss of key members of our management team or employees;
- our expectations regarding our liquidity and capital resources, including our ability to meet our lease obligations;
- our expectations regarding the amount and terms of our existing or future indebtedness;
- our ability to maintain adequate protection of our intellectual property; and

the other matters described in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, and Business.

Given these risks and uncertainties, we urge you to read this prospectus completely with the understanding that actual future results may be materially different from what we plan or expect. These factors and the other risk factors described in this prospectus are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Consequently, there can be no assurance that actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Given these uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking statements made in this prospectus may not prove to be correct.

USE OF PROCEEDS

Our net proceeds from this offering will be approximately $57.2 million, based on an assumed initial public offering price of $15.00 per share, which is the midpoint of the estimated price range appearing on the cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering as follows:

- $50.0 million to repay outstanding borrowings under our credit facility, including accrued interest;

- $3.0 million to make a one-time payment to Lone Star Fund, an affiliate of our controlling shareholder, in consideration for the termination of our asset advisory agreement upon consummation of this offering as described under Certain Relationships and Related Party Transactions Termination of Asset Advisory Agreement; and

- the remainder of the net proceeds for working capital and other general corporate purposes.

The terms of our credit facility require us to use at least 50% of the net proceeds from all equity offerings, including this offering, to repay outstanding indebtedness under the facility. As of July 16, 2012, the balance outstanding under our credit facility was $61.5 million. Our credit facility matures in July 2016 and bears interest at an amount between LIBOR plus 4.75% and LIBOR plus 5.75%, depending on our leverage ratio. For additional information regarding our liquidity and outstanding indebtedness, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

The selling stockholder will receive approximately $40.0 million (or approximately $55.8 million if the underwriters exercise in full their over-allotment option) in gross proceeds from this offering. We will not receive any proceeds from the sale of shares by the selling stockholder.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock and do not anticipate paying cash dividends on our common stock for the foreseeable future. We anticipate that we will retain all of our future earnings, if any, for use in the development and expansion of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our financial condition, operating results and other factors our board of directors deems relevant.

Our credit facility contains, and debt instruments that we enter into in the future may contain, covenants that place limitations on the amount of dividends we may pay. In addition, under Delaware law, our board of directors may declare dividends only to the extent of our surplus, which is defined as total assets at fair market value minus total liabilities, minus statutory capital, or, if there is no surplus, out of our net profits for the then current and immediately preceding year.

CAPITALIZATION

The table below sets forth our cash and cash equivalents and capitalization as of March 20, 2012:

- on a consolidated basis;
- on a pro forma basis to reflect the completion of our corporate reorganization where Del Frisco s Restaurant Group, LLC is converted into a Delaware corporation and renamed Del Frisco s Restaurant Group, Inc. and the anticipated payment of a one-time fee of $3.0 million to Lone Star Fund in consideration for the termination of our asset advisory agreement as described in Use of Proceeds; and
- on a pro forma as adjusted basis to give effect to the issuance and sale of 4,333,333 shares of our common stock offered by us in this offering at an assumed offering price of $15.00 per share, which is the midpoint of the estimated price range appearing on the cover of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us and the application of such proceeds as described in Use of Proceeds, including the use of $50.0 million of the proceeds received by us to repay outstanding borrowings under our credit facility, including accrued interest.

You should read this table together with the information in this prospectus under Use of Proceeds, Selected Consolidated and Combined Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and Description of Capital Stock, and with the consolidated financial statements and the related notes to those statements included elsewhere in this prospectus.

	As of March 20, 2012		
	Actual	Pro Forma (Unaudited)	Pro Forma As Adjusted
	(in thousands, except share amounts)		
Cash and cash equivalents(1)	$ 8,672	$ 5,672	$ 14,325
Credit facility, including current portion	$ 65,000	$ 65,000	$ 15,000
Stockholders equity:			
Membership units	51,359		
Undesignated preferred stock, no par value per share: no shares authorized, issued or outstanding actual, 10,000,000 shares authorized, no shares issued and outstanding pro forma and pro forma as adjusted			
Common stock, no par value per share: no shares authorized, issued or outstanding actual, 190,000,000 shares authorized, 17,994,667 shares issued and outstanding pro forma and 22,328,000 shares issued and outstanding pro forma as adjusted		51,359	110,513
Retained earnings	$ 49,498	$ 47,698	$ 45,710(2)
Total stockholders equity	$ 100,857	$ 99,057	$ 156,222
Total capitalization	$ 165,857	$ 164,057	$ 171,222

(1) We prepaid approximately $1.5 million of transaction expenses through March 20, 2012.

(2) The retained earnings amount includes the expensing, net of tax benefit, of payments associated with the offering including (i) $1.8 million for the asset advisory agreement termination fee; (ii) $1.2 million for the transaction bonuses; and (iii) $0.8 million for the prorated amount of the unamortized loan costs associated with our term loan repayment.

A $1.00 increase (decrease) in the assumed initial public offering price of $15.00 per share (the midpoint of the initial public offering price range set forth on the cover page of this prospectus) would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total stockholders equity and total capitalization by approximately $4.0 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

DILUTION

Dilution represents the difference between the amount per share paid by investors in this offering and the as adjusted net tangible book value per share of our common stock immediately after this offering. The data in this section have been derived from our consolidated balance sheet as of March 20, 2012. Net tangible book value per share is equal to our total tangible assets less the amount of our total liabilities, divided by the sum of the number of our shares of common stock outstanding. Our net tangible book value (deficit) as of March 20, 2012 was $(13.5) million, or $(0.75) per share of common stock.

After giving effect to our receipt of the estimated net proceeds from our sale of common stock in this offering at an assumed offering price of $15.00 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and other estimated offering expenses payable by us and the application of such proceeds as described in Use of Proceeds, our net tangible book value, as adjusted, as of March 20, 2012 would have been $43.3 million, or $1.94 per share of common stock. This represents an immediate increase in net tangible book value to our existing stockholder of $2.69 per share and an immediate dilution to new investors in this offering of $13.06 per share. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$ 15.00
Net tangible book value (deficit) per share of common stock as of March 20, 2012	$ (0.75)	
Pro forma increase in net tangible book value per share attributable to new investors	2.69	
Pro forma net tangible book value per share after the offering		1.94
Dilution per share to new investors		$ 13.06

The following table shows on a pro forma basis at March 20, 2012, after giving effect to the completion of our corporate reorganization, the total cash consideration paid to us and the average price per share paid by our existing stockholder and by new investors in this offering before deducting underwriting discounts and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price
	Number	%	Amount	%	Per Share
Existing stockholder	17,994,667	81%	$ 51,358,711	44%	$ 2.85
New investors	4,333,333	19	64,999,995	56	15.00
Total	22,328,000	100%	$ 116,358,706	100%	

This discussion of dilution, and the table quantifying it, assumes no exercise of any outstanding stock options after March 20, 2012. Before we complete our public offering, we will have outstanding options to purchase approximately 745,000 shares of common stock at an exercise price equal to the offering price set forth on the cover of this prospectus.

The information in the preceding table has been calculated using an assumed initial public offering price of $15.00 per share. A $1.00 increase or decrease in the assumed initial public offering price per share would increase or decrease, respectively, the as adjusted net tangible book value per share of common stock after this offering by $0.18 per share and increase or decrease, respectively, the dilution per share of common stock to new investors in this offering by $0.82 per share, in each case calculated as described above and assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

If the underwriters exercise their over-allotment option in full, our existing stockholder would own approximately 63.9% and our new investors would own approximately 36.1% of the total number of shares of our common stock outstanding immediately after this offering.

An aggregate of 2,232,800 additional shares of our common stock will initially be available for future awards under the equity incentive plan that we intend to implement in connection with this offering. To the extent that we grant awards in the future with exercise prices below the initial public offering price in this offering, investors purchasing in this offering will incur additional dilution.

SELECTED CONSOLIDATED AND COMBINED FINANCIAL DATA

The selected consolidated and combined financial data below are derived from our consolidated financial statements for 2007 through 2011 which have been audited by an independent registered public accounting firm. Our unaudited interim consolidated financial statements for the 12 weeks ended March 22, 2011 and March 20, 2012, which in the opinion of management reflect all adjustments necessary to present fairly in accordance with accounting principles generally accepted in the United States the information for interim periods presented. The operating results of the interim periods are not necessarily indicative of results for a full year. The consolidated financial data for the fiscal years ended December 31, 2007 and December 30, 2008 and as of the fiscal years then ended, as restated, are derived from our historical financial statements not included elsewhere in this prospectus. The selected consolidated financial data as of December 28, 2010 and December 27, 2011 and for the fiscal years ended December 29, 2009, December 28, 2010 and December 27, 2011 are derived from our audited consolidated financial statements, as restated, appearing elsewhere in this prospectus. The selected consolidated financial data as of and for the 12 weeks ended March 22, 2011 and March 20, 2012, as restated, are derived from our unaudited interim consolidated financial statements appearing elsewhere in this prospectus.

The selected consolidated financial data below represent portions of our financial statements and are not complete. Additionally, the financial and operating data set forth below may not reflect the many significant changes that will occur in the operations and capitalization of our company as a result of the reorganization. You should read this information together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes to those statements included elsewhere in this prospectus. Historical results are not necessarily indicative of future performance.

	Fiscal Year Ended(1)					12 Weeks Ended	
	December 31, 2007	December 30, 2008	December 29, 2009	December 28, 2010	December 27, 2011	March 22, 2011	March 20, 2012
	(in thousands, except per share amounts)						
Income Statement Data:							
Revenues	$ 163,868	$ 178,386	$ 160,177	$ 165,575	$ 201,629	$ 43,352	$ 53,678
Costs and expenses:							
Cost of sales	56,850	58,587	47,593	50,339	61,647	13,445	16,579
Restaurant operating expenses	67,290	73,803	69,209	73,601	87,928	18,901	22,673
Marketing and advertising costs	3,293	3,473	3,523	2,825	4,359	727	874
Pre-opening costs	2,124	2,469	493	798	3,018	354	70
General and administrative	4,719	6,354	8,236	7,512	10,640	2,190	2,646
Abandoned registration costs		2,379					
Costs associated with strategic alternatives and merger expense	223						
Management and accounting fees paid to related party	2,907	2,104	2,878	3,345	3,399	469	744
Non-cash impairment charges					1,400		
Depreciation and amortization	3,333	4,555	6,422	6,624	7,146	1,525	1,713
Operating income	23,129	24,662	21,823	20,531	22,092	5,741	8,379
Other income (expense), net:							
Interest expense affiliates	(4,533)	(2,295)	(2,281)	(1,775)			
Interest expense other	(4,355)	(10,147)	(5,942)	(9,906)	(8,856)	(1,764)	(1,221)
Dissenting shareholders expense			(1,583)				
Other, net	290	(182)	36	(249)	(114)	2	(3)
Income from continuing operations before income taxes	14,531	12,038	12,053	8,601	13,122	3,979	7,155
Provision for (benefit from) income taxes	4,143	5,050	3,441	(129)	4,149	1,237	2,170
Income from continuing operations	10,388	6,988	8,612	8,730	8,973	2,742	4,985
Discontinued operations:							
Loss from operations of discontinued restaurant	(309)	(68)					
Income tax benefit	116	24					
Loss on discontinued operations	(193)	(44)					
Net income	$ 10,195	$ 6,944	$ 8,612	$ 8,730	$ 8,973	$ 2,742	$ 4,985
Pro forma net income per common share(2):							
Basic and diluted	$ 0.46	$ 0.31	$ 0.39	$ 0.39	$ 0.40	$ 0.12	$ 0.22
Shares used in computing pro forma unaudited net income per share(2):							
Basic and diluted	22,328	22,328	22,328	22,328	22,328	22,328	22,328

	December 31, 2007	December 30, 2008	December 29, 2009	December 28, 2010 (in thousands)	December 27, 2011	March 22, 2011	March 20, 2012
Balance Sheet Data (at end of period):							
Cash and cash equivalents.	$ 8,205	$ 7,292	$ 13,257	$ 4,157	$ 14,119	$ 8,678	$ 8,672
Working capital (deficit)	(33,799)	(34,177)	1,061	(232)	3,773	(1,743)	1,408
Total assets	214,746	225,170	236,424	217,725	234,274	217,256	230,815
Total debt	151,004	151,706	150,544	78,922	70,000	67,766	65,000
Total member s equity (deficit)	(18,410)	(10,579)	32,741	87,155	95,872	89,936	100,857

	Fiscal Year Ended(1)					12 Weeks Ended	
	December 31, 2007	December 30, 2008	December 29, 2009	December 28, 2010	December 27, 2011	March 22, 2011	March 20, 2012
	(in thousands, except restaurant and percentage amounts)						
Other Financial Data:							
Net cash provided by operating activities	$ 20,625	$ 16,003	$ 18,916	$ 12,278	$ 28,079	$ 7,629	$ 4,107
Net cash provided by (used in) investing activities	(5,491)	(16,947)	(28,538)	(1,489)	(6,727)	8,048	(4,554)
Net cash provided by (used in) financing activities	(15,669)	75	15,587	(19,889)	(11,390)	(11,156)	(5,000)
Capital expenditures	16,878	21,422	7,755	5,550	20,063	4,749	3,773
Adjusted EBITDA(3)	29,129	34,196	30,373	30,023	36,785	7,906	10,906
Adjusted EBITDA margin(4)	17.7%	19.2%	18.9%	18.1%	18.2%	18.2%	20.3%
Restaurant-level EBITDA(3)	36,212	42,171	39,852	38,810	47,695	10,279	13,552
Restaurant-level EBITDA margin(5)	22.1%	23.6%	24.9%	23.4%	23.7%	23.7%	25.2%
Operating Data:							
Total restaurants (at end of period)	23	26	27	28	31	28	31
Total comparable restaurants (at end of period)(6)	20	21	23	27	27	27	28
Average sales per comparable restaurant	$ 7,762	$ 7,539	$ 6,049	$ 6,107	$ 6,668	$ 1,597	$ 1,669
Percentage Change in comparable restaurant sales(6)	2.6%	(2.3)%	(18.7)%	4.3%	11.2%	12.1%	6.7%

(1) We utilize a 52- or 53-week accounting period which ends on the last Tuesday of December. The fiscal year ended December 30, 2008 had 53 weeks. The fiscal years ended December 31, 2007 December 29, 2009, December 28, 2010 and December 27, 2011 each had 52 weeks.

(2) Unaudited pro forma basic and diluted income per share will be computed by dividing net income for each period by the shares of common stock to be issued following our conversion from a limited liability company to a corporation immediately prior to the effectiveness of the registration statement of which this prospectus is a part. Such shares will be assumed to be outstanding for all periods presented. There will be no potentially dilutive securities. There is no other impact to the financial statements as a result of converting from a limited liability company to a corporation, because our historical financial statements have included a provision for income taxes and related deferred income taxes.

(3) For our definition of adjusted EBITDA and restaurant-level EBITDA and a discussion of why we consider them useful, see Summary Historical Consolidated Financial and Operating Data.

The following table presents a reconciliation of adjusted EBITDA and restaurant-level EBITDA to net income:

	Fiscal Year Ended					12 Weeks Ended	
	December 31, 2007	December 30, 2008	December 29, 2009	December 28, 2010	December 27, 2011	March 22, 2011	March 20, 2012
				(in thousands)			
Income from continuing operations	$ 10,388	$ 6,988	$ 8,612	$ 8,730	$ 8,973	$ 2,742	$ 4,985
Provision (benefit) for income taxes	4,143	5,050	3,441	(129)	4,149	1,237	2,170
Interest income	(290)	(170)	(36)	(75)	(16)	(2)	(3)
Interest expense other	4,355	10,147	5,942	9,906	8,856	1,764	1,221
Interest expense affiliate	4,533	2,295	2,281	1,775			
Non-cash impairment charges					1,400		
Depreciation and amortization	3,333	4,555	6,422	6,624	7,146	1,525	1,713
Lease guarantee payments and other				324	130		6
Dissenting shareholders expense			1,583				
Pre-opening costs	2,124	2,469	493	798	3,018	354	70
Abandoned registration costs		2,379					
Management fees and expenses(a)	543	483	1,635	2,070	3,129	286	744
Adjusted EBITDA	$ 29,129	$ 34,196	$ 30,373	$ 30,023	$ 36,785	$ 7,906	$ 10,906
General and administrative	4,719	6,354	8,236	7,512	10,640	2,190	2,646
Related party shared services fees	2,364	1,621	1,243	1,275	270	183	
Restaurant-level EBITDA	$ 36,212	$ 42,171	$ 39,852	$ 38,810	$ 47,695	$ 10,279	$ 13,552

(a) Includes asset management fees and expenses paid to an affiliate of Lone Star Fund pursuant to our asset advisory agreement, but excludes amounts paid to another affiliate of Lone Star Fund for accounting, administrative and management services under our shared services agreement, which is referred to as the related party shared services fee. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Definitions Management and Accounting Fees Paid to Related Party and Certain Relationships and Related Party Transactions Relationships with Lone Star Fund and its Affiliates Termination of Asset Advisory Agreement.

(4) Adjusted EBITDA margin is the ratio of adjusted EBITDA to revenues.
(5) Restaurant-level EBITDA margin is the ratio of restaurant-level EBITDA to revenues.
(6) We consider a restaurant to be comparable in the first full period following the eighteenth month of operations. Changes in comparable restaurant sales reflect changes in sales for the comparable group of restaurants over a specified period of time.

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations for the twelve weeks ended March 20, 2012 and March 22, 2011 and for fiscal years ended December 27, 2011, December 28, 2010 and December 29, 2009 should be read in conjunction with Selected Consolidated and Combined Financial Data and the consolidated and combined financial statements, as restated, and related notes to those statements included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategies for our business, includes forward-looking statements that involve risks and uncertainties. You should review the section entitled Risk Factors for a discussion of important factors that could cause actual results to differ materially from the results described in, or implied by, the forward-looking statements contained in this prospectus.

Overview

We develop, own and operate three contemporary, high-end, complementary restaurants: Del Frisco s Double Eagle Steak House, Sullivan s Steakhouse, and Del Frisco s Grille. We are a leader in the full-service steakhouse industry based on average unit volume, or AUV, EBITDA margin and comparable restaurant sales growth. We currently operate 32 restaurants in 18 states. Each of our three restaurant concepts offers steaks as well as other menu selections, such as chops and fresh seafood. These menu selections are complemented by an extensive, award-winning wine list. Del Frisco s, Sullivan s and the Grille are positioned within the fine dining segment and are designed to appeal to both business and local dining customers. Our Del Frisco s restaurants are sited in urban locations to target customers seeking a destination dining experience while our Sullivan s and Grille restaurants are intended to appeal to a broader demographic, allowing them to be located either in urban areas or in close proximity to affluent residential neighborhoods. We believe our success reflects consistent execution across all aspects of the dining experience, from the formulation of proprietary recipes to the procurement and presentation of high quality menu items and delivery of a positive customer experience.

We believe we have an attractive unit economic model that enables us to generate our AUV and adjusted EBITDA margins. We generated revenues of $201.6 million for the fiscal year ended December 27, 2011, representing 21.8% total revenue growth and 11.2% comparable restaurant sales growth over 2010. We recorded net income of $9.0 million and adjusted EBITDA of $36.8 million for 2011, representing 2.8% net income growth and 22.5% adjusted EBITDA growth over 2010. Our 2011 operating income and adjusted EBITDA margins were 11.0% and 18.2%, respectively. For the twelve weeks ended March 20, 2012, we generated revenues of $53.7 million, representing 23.8% total revenue growth and 6.7% comparable restaurant sales growth over the twelve weeks ended March 22, 2011. We recorded net income of $5.0 million and adjusted EBITDA of $10.9 million for the twelve weeks ended March 20, 2012, representing 81.8% net income growth and 37.9% adjusted EBITDA growth over the twelve weeks ended March 22, 2011. Our operating income and adjusted EBITDA margins for the twelve weeks ended March 20, 2012 were 15.6% and 20.3%, respectively. For a reconciliation of adjusted EBITDA and adjusted EBITDA margin and a discussion of why we consider them useful, see Prospectus Summary Summary Historical Consolidated Financial and Operating Data.

We operate our Del Frisco s, Sullivan s and Grille concepts as operating segments. Each concept operates domestically within the same industry and offers similar food and beverage choices to similar customers without relying on any major customer as a source of revenue. The concepts also possess similar economic characteristics, which result in similar expectations regarding the characteristics of their long-term financial performance. However, the Del Frisco s and Sullivan s operating segments have different margins because the Del Frisco s segment can leverage its higher revenues, driven primarily by its larger restaurants and higher average check, on certain fixed operating costs, such as labor, rent, utilities and maintenance. We include the operations of the Grille in the Other segment because their contribution is not yet material to the periods presented. Our segment reporting is discussed in greater detail in note 14 in the notes to the consolidated financial statements included elsewhere in this prospectus.

Our Growth Strategies and Outlook

Our growth model is comprised of the following three primary drivers:

Pursue Disciplined Restaurant Growth. We believe that there are significant opportunities to grow our brands on a nationwide basis in both existing and new markets where we believe we can generate attractive unit-level economics. We are presented with many opportunities to grow our restaurant base, and we carefully evaluate each opportunity to determine that each site selected for development has a high probability of meeting our return on investment targets. Our disciplined growth strategy includes accepting only those sites that we believe present attractive rent and tenant allowance structures as well as reasonable construction costs given the sales potential of the site. We believe our concepts complementary market positioning and ability to coexist in the same markets, coupled with our flexible unit models, will allow us to expand each of our three concepts into a greater number of locations.

Grow Existing Revenue. We will continue to pursue opportunities to increase the sales and average check at our existing restaurants, pursue targeted local marketing efforts and evaluate operational initiatives, including growth in private dining, designed to increase restaurant unit volumes.

Maintain Margins Throughout Our Growth. We will continue to aggressively protect our margins using economies of scale, including marketing and purchasing synergies between our concepts and leveraging our corporate infrastructure as we continue to open new restaurants.

In 2011, we expanded our national platform by opening a Del Frisco s in Boston, Massachusetts and our first two Grille restaurants in New York City and Dallas, Texas. We believe there are opportunities to open three to five restaurants annually, generally composed of one Del Frisco s and two to four Sullivan s and/or Grilles, with new openings of our Grille concept likely serving as the primary driver of new unit growth in the near term. In 2012 we have opened a Grille in Phoenix, Arizona, and we expect to open three additional restaurants, each of which will be leased, including a Del Frisco s in Chicago, Illinois, and Grilles in Washington, D.C. and Atlanta, Georgia. See Business Site Selection and Development for a discussion of our targeted average cash investment for each concept and other information regarding the opening of a new location.

Performance Indicators

We use the following key metrics in evaluating the performance of our restaurants:

Comparable Restaurant Sales. We consider a restaurant to be comparable during the first full quarter following the eighteenth month of operations. Changes in comparable restaurant sales reflect changes in sales for the comparable group of restaurants over a specified period of time. Changes in comparable sales reflect changes in customer count trends as well as changes in average check. Our comparable restaurant base consisted of 23, 27, 27 and 28 restaurants at December 29, 2009, December 28, 2010, December 27, 2011 and March 20, 2012, respectively.

Average Check. Average check is calculated by dividing total restaurant sales by customer counts for a given time period. Average check is influenced by menu prices and menu mix. Management uses this indicator to analyze trends in customers preferences, the effectiveness of menu changes and price increases and per customer expenditures.

Average Unit Volume. Average unit volume, or AUV, consists of the average sales of our restaurants over a certain period of time. This measure is calculated by dividing total restaurant sales within a period by the number of restaurants operating during the relevant period. This indicator assists management in measuring changes in customer traffic, pricing and development of our concepts.

Customer Counts. Customer counts are measured by the number of entrees ordered at our restaurants over a given time period.

Cost of Sales. Cost of sales, as defined below, is an important metric to management because it is the only true variable component of cost relative to the sales volume while other components of cost can vary significantly due to the ability to leverage fixed costs at higher sales volumes.

Restaurant Operating Expenses. Restaurant operating expenses, as defined below, have both a variable and fixed component that when viewed as a percentage of sales vary more as a result of sales volume of a specific restaurant location and, at higher sales volumes, can be leveraged.

Adjusted EBITDA Margin. Adjusted EBITDA margin represents net income before interest, taxes and depreciation and amortization plus the sum of certain non-operating expenses, including pre-opening costs, abandoned registration costs and management fees and expenses, as a percentage of our revenues. By monitoring and controlling our adjusted EBITDA margins, we can gauge the overall profitability of our company.

Restaurant-Level EBITDA Margin. Restaurant-level EBITDA margin represents net income before interest, taxes and depreciation and amortization plus the sum of certain non-operating expenses, including pre-opening costs, abandoned registration costs, management fees and expenses and general and administrative expenses, as a percentage of our revenues. By monitoring and controlling our restaurant-level EBITDA margins, we can gauge the overall profitability of our core restaurant operations.

We operate on a 52/53-week fiscal year ending the last Tuesday of each December. Our fiscal quarters consist of 12, 12, 12, and 16 or 17 weeks, respectively.

Key Financial Definitions

Revenues. Revenues consist primarily of food and beverage sales at our restaurants, net of any discounts, such as management meals and employee meals, associated with each sale. Additionally, revenues are net of the cost of rewards associated with our loyalty program. In 2011, food comprised 66% of food and beverage sales with beverage comprising the remaining 34%. Revenues are directly influenced by the number of operating weeks in the relevant period and comparable restaurant sales growth. Comparable restaurant sales growth reflects the change in year-over-year sales for the comparable restaurant base. Comparable restaurant sales growth is primarily influenced by the number of customers eating in our restaurants, which is influenced by the popularity of our menu items, competition with other restaurants in each market, our customer mix and our ability to deliver a high quality dining experience, and the average check, which is driven by menu mix and pricing.

Cost of Sales. Cost of sales is comprised primarily of food and beverage expenses. We measure food and beverage costs by tracking cost of sales as a percentage of revenues. Food and beverage expenses are generally influenced by the cost of food and beverage items, distribution costs and menu mix. The components of cost of sales are variable in nature, increase with revenues, are subject to increases or decreases based on fluctuations in commodity costs, including beef prices, and depend in part on the controls we have in place to manage costs of sales at our restaurants.

Restaurant Operating Expenses. We measure restaurant operating expenses as a percentage of revenue. Restaurant operating expenses include the following:

- Labor expenses, which comprise restaurant management salaries, hourly staff payroll and other payroll-related expenses, including management bonus expenses, vacation pay, payroll taxes, fringe benefits and health insurance expenses and are measured by tracking hourly and total labor as a percentage of revenues;

- Occupancy expenses, which comprise all occupancy costs, consisting of both fixed and variable portions of rent, common area maintenance charges, real estate property taxes and other related occupancy costs and are measured by tracking occupancy as a percentage of revenues; and

- Other operating expenses, which comprise repairs and maintenance, utilities, operating supplies and other restaurant-level related operating expenses and are measured by tracking other operating expenses as a percentage of revenues.

Marketing and Advertising Costs. Marketing and advertising costs include all media, production and related costs for both local restaurant advertising and national marketing. We measure the efficiency of our marketing and advertising expenditures by tracking these costs as a percentage of total revenues. We have historically spent approximately 1.5% to 2.5% of total revenues on marketing and advertising and expect to maintain this level in the near term.

Pre-opening Costs. Pre-opening costs are costs incurred prior to opening a restaurant, and primarily consist of manager salaries, relocation costs, recruiting expenses, employee payroll and related training costs for new employees, including rehearsal of service activities, as well as lease costs incurred prior to opening. In addition, pre-opening expenses include marketing costs incurred prior to opening as well as meal expenses for entertaining local dignitaries, families and friends. We currently target pre-opening costs per restaurant at $0.8 million for a Del Frisco s and a Grille and $0.6 million for a Sullivan s.

General and Administrative Expenses. General and administrative expenses are comprised of costs related to certain corporate and administrative functions that support development and restaurant operations and provide an infrastructure to support future company growth. These expenses reflect management, supervisory and staff salaries and employee benefits, travel, information systems, training, corporate rent, professional and consulting fees, technology and market research. We measure general and administrative costs by tracking general and administrative expenses as a percentage of revenues. These expenses are expected to increase as a result of costs associated with being a public company as well as costs related to our anticipated growth, including substantial training costs and significant investments in infrastructure. As we are able to leverage these investments made in our people and systems, we expect these expenses to decrease as a percentage of total revenues over time.

Management and Accounting Fees Paid to Related Party. In December 2006, Lone Star Fund acquired Lone Star Steakhouse & Saloon, Inc., which owned the Del Frisco s and Sullivan s concepts, as well as others, including the Texas Land & Cattle and Lone Star Steakhouse & Saloon. We refer to this transaction in this prospectus as the Acquisition. Following the

Acquisition, Lone Star Fund restructured the company to separate the concepts by, among other things, spinning off to one of its affiliates the subsidiaries that operated the Texas Land & Cattle and Lone Star Steakhouse & Saloon concepts. The subsidiaries of Lone Star Fund that operated these concepts were spun-off as part of the restructuring. These entities, which along with their affiliate companies, are referred to in this prospectus as the Casual Dining Companies, are wholly-owned by Lone Star Fund and are therefore considered related parties of us. We do not have any ownership interest in them and they do not have any ownership interest in us.

From December 13, 2006 to December 28, 2010, we were provided with certain accounting, administrative and management services by LS Management, Inc., one of the Casual Dining Companies, which we refer to in this prospectus as the Shared Services Provider, under a shared services agreement, or the Shared Services Agreement. The Shared Services Provider provided similar services to each of the other Casual Dining Companies. In exchange for these services, we were charged an accounting fee of $1,800 per restaurant per four-week accounting period, except for the New York City Del Frisco s, which was charged $5,400 per four-week accounting period, plus a management fee equal to 19.5% of certain agreed upon expenses, as defined in the Shared Services Agreement, which totaled $1.2 million, $1.3 million and $0.3 million in 2009, 2010 and 2011, respectively. Effective January 1, 2011, we ended this relationship and InfoSync Services, LLC, a business process outsourcing provider focused exclusively on the restaurant industry, began providing similar services under a three-year agreement. We incurred expenses from InfoSync of $0.6 million and $0.2 million for services provided during 2011 and the twelve weeks ended March 20, 2012, respectively, which is included in general and administrative expenses.

Additionally, since December 13, 2006, we have incurred an asset management fee from an affiliate of Lone Star Fund. This fee is billed monthly based upon the actual direct costs incurred by this affiliate in providing support to us. In 2009, 2010, 2011 and the twelve weeks ended March 20, 2012, we paid this affiliate of Lone Star Fund approximately $1.6 million, $2.1 million, $3.1 million and $0.7 million, respectively, for these services. Concurrent with this offering, this arrangement will be terminated in exchange for a lump sum $3.0 million payment from the proceeds to the Company of this offering. As a result, upon consummation of this offering, we will enter into a transition services agreement with affiliates of Lone Star Fund pursuant to which we will be provided certain insurance management, legal and benefits administration services. See Certain Relationships and Related Party Transactions Relationships with Lone Star Fund and its Affiliates Termination of Asset Advisory Agreement. Lone Star Fund will beneficially own approximately % of our outstanding common stock immediately after this offering. Therefore, Lone Star will continue to control the Company.

We measure management and accounting fees paid as a percentage of revenue.

Depreciation and Amortization. Depreciation and amortization includes depreciation of fixed assets and certain definite life intangible assets. We depreciate capitalized leasehold improvements over the shorter of the total expected lease term or their estimated useful life. As we accelerate our restaurant openings, depreciation and amortization is expected to increase as a result of our increased capital expenditures.

Results of Operations

The following table sets forth certain statements of income data for the periods indicated:

	Fiscal Year Ended			12 Weeks Ended	
	December 29, 2009	**December 28, 2010**	**December 27, 2011**	**March 22, 2011**	**March 20, 2012**
			(in thousands)		
Revenues	$ 160,177	$ 165,575	$ 201,629	$ 43,352	$ 53,678
Costs and expenses:					
Cost of sales	47,593	50,339	61,647	13,445	16,579
Restaurant operating expenses	69,209	73,601	87,928	18,901	22,673
Marketing and advertising costs	3,523	2,825	4,359	727	874
Pre-opening costs	493	798	3,018	354	70
General and administrative	8,236	7,512	10,640	2,190	2,646
Management and accounting fees paid to related party	2,878	3,345	3,399	469	744
Non-cash impairment charges			1,400		
Depreciation and amortization	6,422	6,624	7,146	1,525	1,713
Operating income	21,823	20,531	22,092	5,741	8,379
Other income (expense), net:					
Interest expense affiliates	(2,281)	(1,775)			
Interest expense other	(5,942)	(9,906)	(8,856)	(1,764)	(1,221)
Dissenting shareholders expense	(1,583)				
Other, net	36	(249)	(114)	2	(3)
Income from continuing operations before income taxes	12,053	8,601	13,122	3,979	7,155
Provision for income taxes	3,441	(129)	4,149	1,237	2,170
Income from continuing operations	$ 8,612	$ 8,730	$ 8,973	$ 2,742	$ 4,985

The following table sets forth certain statements of income data expressed as a percentage of revenues for the periods indicated:

	Fiscal Year Ended			12 Weeks Ended	
	December 29, 2009	December 28, 2010	December 27, 2011	March 22, 2011	March 20, 2012
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Costs and expenses:					
Cost of sales	29.7%	30.4%	30.6%	31.0%	30.9%
Restaurant operating expenses	43.2%	44.5%	43.6%	43.6%	42.2%
Marketing and advertising costs	2.2%	1.7%	2.1%	1.7%	1.6%
Pre-opening costs	0.3%	0.5%	1.5%	0.8%	0.2%
General and administrative	5.1%	4.5%	5.3%	5.1%	4.9%
Management and accounting fees paid to related party	1.8%	2.0%	1.7%	1.1%	1.4%
Non-cash impairment charges			0.7%	%	%
Depreciation and amortization	4.0%	4.0%	3.5%	3.5%	3.2%
Operating income	13.7%	12.4%	11.0%	13.2%	15.6%
Other income (expense), net:					
Interest expense affiliates	(1.4%)	(1.1%)			
Interest expense other	(3.7%)	(5.9%)	(4.4%)	(4.1%)	(2.3%)
Dissenting shareholders expense	(1.0%)				
Other, net	(0.1%)	(0.2%)	(0.1%)	0.0%	0.0%
Income from continuing operations before income taxes	7.5%	5.2%	6.5%	9.1%	13.3%
Provision for income taxes	2.1%	(0.1%)	2.0%	2.8%	4.0%
Income from continuing operations	5.4%	5.3%	4.5%	6.3%	9.3%

Fiscal Quarter Ended March 20, 2012 (12 weeks) Compared to the Fiscal Quarter Ended March 22, 2011 (12 weeks)

The following tables show our operating results, as well as our operating results as a percentage of revenues, for the 12 weeks ended March 20, 2012 and March 22, 2011.

	12 Weeks Ended March 20, 2012 (dollars in thousands)							
	Del Frisco s		Sullivan s		Other		Consolidated	
Revenues	$ 28,323	100.0%	$ 21,331	100.0%	$ 4,024	100.0%	$ 53,678	100.0%
Costs and expenses:								
Cost of sales	8,975	31.7%	6,499	30.5%	1,105	27.5%	16,579	30.9%
Restaurant operating expenses	10,805	38.1%	9,879	46.3%	1,989	49.4%	22,673	42.2%
Marketing and advertising costs	394	1.4%	428	2.0%	52	1.3%	874	1.6%
Restaurant-level EBITDA	8,149	28.8%	4,525	21.2%	878	21.8%	13,552	25.3%
Pre-opening costs							70	0.2%
General and administrative							2,646	4.9%
Management and accounting fees paid to related party							744	1.4%
Non-cash impairment charges								0.0%
Depreciation and amortization							1,713	3.2%
Operating Income							$ 8,379	15.6%

	12 Weeks Ended March 22, 2011					
	Del Frisco s		Sullivan s		Consolidated	
	(dollars in thousands)					
Revenues	$ 23,087	100.0%	$20,265	100.0%	$ 43,352	100.0%
Costs and expenses:						
Cost of sales	7,139	30.9%	6,306	31.1%	13,445	31.0%
Restaurant operating expenses	9,064	39.3%	9,837	48.5%	18,901	43.6%
Marketing and advertising costs	291	1.3%	436	2.2%	727	1.7%
Restaurant-level EBITDA	6,593	28.6%	3,686	18.2%	10,279	23.7%
Pre-opening costs					354	0.8%
General and administrative					2,190	5.1%
Management and accounting fees paid to related party					469	1.1%
Non-cash impairment charges						0.0%
Depreciation and amortization					1,525	3.5%
Operating Income					$ 5,741	13.2%

Revenues. Consolidated revenues increased $10.3 million, or 23.7%, to $53.7 million in the first quarter of fiscal 2012 from $43.4 million in the first quarter of fiscal 2011. This increase was due to a 6.7% increase in total comparable restaurant sales comprised of a 1.2% increase in customer counts and a 5.5% increase in average check. The increase in average check was impacted by combined menu price increases of approximately 2% implemented in April and December 2011, with the remainder resulting from the menu mix shifting to higher priced items and special offerings. An additional $7.5 million was provided by 36 additional operating weeks resulting from one Del Frisco s opening in April 2011 and two Grille openings in August and November 2011.

Del Frisco s revenues increased $5.2 million, or 22.5%, to $28.3 million in the first quarter of fiscal 2012 from $23.1 million in the first quarter of fiscal 2011. This increase was primarily due to a 7.9% increase in comparable restaurant sales comprised of a 3.5% increase in customer counts and a 4.4% increase in average check. The increase in average check was impacted by combined menu price increases of approximately 2.4% implemented in April and December 2011. The remainder of the increase was provided by 12 additional operating weeks resulting from one Del Frisco s opening in April 2011.

Sullivan s revenues increased $1.1 million, or 5.4%, to $21.3 million in the first quarter of fiscal 2012 from $20.2 million in the first quarter of fiscal 2011. This increase was due to a 5.3% increase in comparable restaurant sales comprised of a 5.8% increase in average check partially offset by a 0.5% decrease in customer counts. The increase in average check was impacted by menu price increases of approximately 2% implemented in April 2011.

Cost of Sales. Consolidated cost of sales increased $3.2 million, or 23.9%, to $16.6 million in the first quarter of fiscal 2012 from $13.4 million in the first quarter of fiscal 2011. The increase in consolidated cost of sales was primarily a result of the growth in comparable restaurant sales and to additional restaurants opened during 2011. As a percentage of consolidated revenues, consolidated cost of sales decreased slightly to 30.9% during the first quarter of fiscal 2012 from 31.0% in the first quarter of fiscal 2011.

As a percentage of revenues, Del Frisco s cost of sales increased to 31.7% during the first quarter of fiscal 2012 from 30.9% in the first quarter of fiscal 2011. This increase in cost of sales, as a percentage of revenues, was primarily due to higher protein costs, primarily for our prime beef, accounting for 63.7% of the increase, and seafood, accounting for 17.9% of the increase, which were partially offset by favorable non-protein food costs.

As a percentage of revenues, Sullivan s cost of sales decreased to 30.5% during the first quarter of fiscal 2012 from 31.1% in the first quarter of fiscal 2011. This decrease in cost of sales, as a percentage of revenues, was due to lower non-protein food costs, accounting for 47.8% of the decrease, and wine and beverage costs, accounting for 32.1% of the decrease, which were partially offset by unfavorable beef and seafood costs.

Restaurant Operating Expenses. Consolidated restaurant operating expenses increased $3.8 million, or 20.0%, to $22.7 million in the first quarter of fiscal 2012 from $18.9 million in the first quarter of fiscal 2011. This increase was primarily due to an additional 36 operating weeks in the first quarter of fiscal 2012 as compared to the first quarter of fiscal 2011 from three restaurants opened in 2011. As a percentage of consolidated revenues, consolidated restaurant operating expenses decreased to 42.2% in the first quarter of fiscal 2012 from 43.6% in the first quarter of fiscal 2011.

As a percentage of revenues, Del Frisco s restaurant operating expenses decreased to 38.1% during the first quarter of fiscal 2012 from 39.3% in the first quarter of fiscal 2011. This decrease in restaurant operating expenses, as a percentage of revenues, was due to lower labor costs, accounting for 66.8% of the decrease, and the leveraging of increased comparable restaurant revenues on certain fixed operating costs, accounting for 54.2% of the decrease, partially offset by higher occupancy costs due to the sale-leaseback of two restaurants in 2011.

As a percentage of revenues, Sullivan s restaurant operating expenses decreased to 46.3% during the first quarter of fiscal 2012 from 48.5% in the first quarter of fiscal 2011. This decrease in restaurant operating expenses, as a percentage of revenues, was due to lower labor costs, accounting for 27.8% of the decrease, and the leveraging of increased comparable restaurant revenues on certain fixed operating costs and occupancy costs, accounting for 72.2% of the decrease.

Marketing and Advertising Costs. Consolidated marketing and advertising costs increased $0.2 million, or 28.6%, to $0.9 million in the first quarter of fiscal 2012 from $0.7 million in the first quarter of fiscal 2011. As a percentage of consolidated revenues, consolidated marketing and advertising costs decreased slightly to 1.6% in the first quarter of fiscal 2012 from 1.7% in the first quarter of fiscal 2011.

As a percentage of revenues, Del Frisco s marketing and advertising costs increased to 1.4% during the first quarter of fiscal 2012 from 1.3% in the first quarter of fiscal 2011. The increase in marketing and advertising costs, as a percentage of revenues, was primarily due to higher in-restaurant advertising expenses, accounting for 52.5% of the increase, and higher outside promotions, accounting for 38.1% of the increase.

As a percentage of revenues, Sullivan s marketing and advertising costs decreased to 2.0% during the first quarter of fiscal 2012 from 2.2% in the first quarter of fiscal 2011. The decrease in marketing and advertising costs, as a percentage of revenues, was due primarily to lower marketing research costs, accounting for 93.6% of the decrease.

Pre-opening Costs. Consolidated pre-opening costs decreased by $0.3 million to $0.1 million in the first quarter of fiscal 2012 from $0.4 million in the first quarter of fiscal 2011 due to higher pre-opening costs incurred during the first quarter of fiscal 2011 related to the opening of one Del Frisco s restaurant during April 2011.

General and Administrative Expenses. General and administrative expenses increased $0.4 million, or 18.2%, to $2.6 million in the first quarter of fiscal 2012 from $2.2 million in the first quarter of fiscal 2011. Of this increase, $0.2 million was due to compensation costs related to growth in the number of corporate and regional management-level personnel to support recent and anticipated growth with the remaining $0.2 million net increase relating primarily to higher professional fees. As a percentage of revenues, general and administrative expenses decreased to 4.9% in the first quarter of fiscal 2012 from 5.1% in the first quarter of fiscal 2011. General and administrative expenses are expected to increase as a result of costs associated with being a public company as well as costs related to our anticipated growth, including further investments in our infrastructure. As we are able to leverage these investments made in our people and systems, we expect these expenses to decrease as a percentage of total revenues over time.

Management and Accounting Fees Paid to Related Party. Management and accounting fees paid to related party increased $0.2 million, or 40.0%, to $0.7 million in the first quarter of fiscal 2012 from $0.5 million in the first quarter of fiscal 2011. The increase was due to a $0.4 million increase in asset management fees paid to an affiliate of Lone Star Fund and was partially offset by the elimination in 2011 of fees paid to the Shared Services Provider for certain accounting, administrative and management services for which a $0.2 million transition fee was incurred in the first quarter of fiscal 2011. On December 29, 2010, these accounting, administrative and management services were transferred to a third-party outsourcing firm or performed by Company personnel, and therefore these costs are reflected in general and administrative expenses in the first quarter of each of fiscal 2012 and 2011. See Certain Relationships and Related Party Transactions Relationships with Lone Star Fund and its Affiliates Termination of Asset Advisory Agreement and Key Financial Definitions Management and Accounting Fees Paid to Related Party.

Depreciation and Amortization. Depreciation and amortization increased $0.2 million, or 13.3%, to $1.7 million in the first quarter of fiscal 2012 from $1.5 million in the first quarter of fiscal 2011. The increase in depreciation and amortization expense primarily resulted from new assets placed in service during 2011 upon the opening of three new restaurants as well as for existing restaurants that were remodeled during 2011 and the first quarter of fiscal 2012.

Interest Expense. Interest expense-other decreased $0.6 million to $1.2 million in the first quarter of fiscal 2012 from $1.8 million in the first quarter of fiscal 2011. This decrease was due primarily to a lower average credit facility balance and a lower average interest rate under the new credit facility entered into in July 2011.

Provision for Income Taxes. The effective income tax rate was 30.3% and 31.1% in the first quarter of fiscal 2012 and the first quarter of fiscal 2011, respectively. The factors that cause the effective tax rates to vary from the federal statutory rate of 35% include the impact of FICA tip and other credits, partially offset by state income taxes and certain non-deductible expenses.

Fiscal Year Ended December 27, 2011 (52 weeks) Compared to Fiscal Year Ended December 28, 2010 (52 weeks)

The following tables show our operating results, as well as our operating results as a percentage of revenues, for the fiscal years ended December 27, 2011 and December 28, 2010.

	Fiscal Year Ended December 27, 2011							
	Del Frisco s		Sullivan s		Other		Consolidated	
	(dollars in thousands)							
Revenues	$ 111,387	100.0%	$85,781	100.0%	$ 4,461	100.0%	$ 201,629	100.0%
Costs and expenses:								
Cost of sales	34,316	30.8%	26,104	30.4%	1,227	27.5%	61,647	30.6%
Restaurant operating expenses	43,864	39.4%	41,375	48.2%	2,689	60.3%	87,928	43.6%
Marketing and advertising costs	1,930	1.7%	2,321	2.7%	108	2.4%	4,359	2.1%
Restaurant-level EBITDA	31,277	28.1%	15,981	18.6				