

BJ'S RESTAURANTS, INC.



2004

ANNUAL

REPORT

BJ'S RESTAURANTS, INC.

COMPANY PROFILE

BJ'S RESTAURANT & BREWERY®

BJ'S RESTAURANT & BREWHOUSE®

BJ'S PIZZA & GRILL®

BJ's Restaurants, Inc. owns and operates a group of casual dining restaurants under the BJ's Restaurant & Brewery, BJ's Restaurant & Brewhouse and BJ's Pizza & Grill brand names. Offering innovative menus and concept variations, BJ's Restaurants feature award-winning deep dish pizza complemented with generously portioned salads, soups, pasta, sandwiches, entrées and desserts. Quality, flavor, value, moderate prices and sincere service remain distinct attributes of the BJ's experience.

The Company operates eleven microbreweries which produce and distribute BJ's critically acclaimed handcrafted beers throughout the chain: Chandler, Arizona; Boulder, Colorado; Jantzen Beach and Lloyd Center, Oregon; Brea, Laguna Hills, Oxnard, Roseville, West Covina and Woodland Hills, California; Houston, Texas. As of May 1, 2005, The Company currently operates BJ's Restaurants in California (27), Texas (5), Oregon (3), Arizona (1), Colorado (1), Nevada (1). An additional restaurant is operated under a licensing agreement in Lahaina Maui, Hawaii. The common stock of BJ's Restaurants, Inc. is traded on NASDAQ under the symbol "BJRI".

BELOW: AVOCADO EGG ROLLS
ON THE COVER: NEW ORLEANS JAMBALAYA





	(in thousands, except per share)	fiscal year*		
		2004	2003	2002
<i>Selected Financial Highlights:</i>	Total Revenues	\$ 129,049	\$ 102,959	\$ 75,705
	Net Income	\$ 6,265	\$ 3,593	\$ 1,667
	Net Income Per Share:			
	Basic	\$ 0.32	\$ 0.18	\$ 0.10
	Diluted	\$ 0.30	\$ 0.18	\$ 0.09
	Total Assets	\$ 100,866	\$ 83,705	\$ 77,849
	Shareholders' Equity	\$ 78,780	\$ 71,051	\$ 66,616

*2004 is a 53-week year. All other years consist of 52 weeks.

LETTER TO OUR SHAREHOLDERS

We are very pleased to report that 2004 was another great year for our Company. Our definition of a great year is one that brings us measurably closer to our ultimate goal – to make BJ's Restaurants one of the premier restaurant brands in the nation. During 2004, we accomplished virtually all of our objectives and set our Company up for potentially greater success in the future. Our accomplishments included:

- ▶ ***The successful opening of seven new restaurants.***
- ▶ ***A 25.3% increase in total revenues.***
- ▶ ***A 74.4% increase in net income.***
- ▶ ***A 31.8% increase in cash flow at the restaurant level.***
- ▶ ***A reduction in restaurant management turnover from 32% to 20%.***
- ▶ ***An increase of 3.8% in comparable restaurant sales.***
- ▶ ***An increase in total assets to over \$100 million.***

We began the year with the sale of our three remaining Pietro's restaurants in Oregon. This allowed us to focus all of our future attention on the BJ's brand, and marked an appropriate time to change our corporate name from Chicago Pizza & Brewery, Inc. to BJ's Restaurants, Inc. The name change serves to better represent our commitment to the BJ's concept which we believe has uniquely positive characteristics that

distinguish it from other casual-dining restaurants. It also signals a subtle change in our overall communication efforts to facilitate maximum brand recognition.

The remainder of the year was highlighted by growth, with the opening of seven new restaurants. The two restaurants opened in Southern California continued our pattern of extremely strong openings in our home market. In addition, our first Central California and third Northern California restaurants, Fresno and Folsom respectively, achieved opening revenues well above our company average.

These very successful openings bode well for our near-term future as most of our new restaurants during 2005 will be in California.

We strengthened our presence in Texas with the opening of two new restaurants. In addition to enhancing our brand

recognition, these restaurants improved our purchasing power in this market, enabling us to reduce our overall food and beverage costs in our Texas restaurants.

We successfully entered the Nevada market during 2004 with the opening of our restaurant in Summerlin, a rapidly-growing community of Las Vegas. We have high expectations for this restaurant based on its strong opening and significant growth potential as the market matures.

While most of our revenue growth was the result of new openings, sales at our existing restaurants continued to rise. Comparable sales for restaurants open over eighteen months increased 3.8% during 2004 as the average annual sales for our Brewery and Brewhouse restaurants increased to over \$5.1 million.

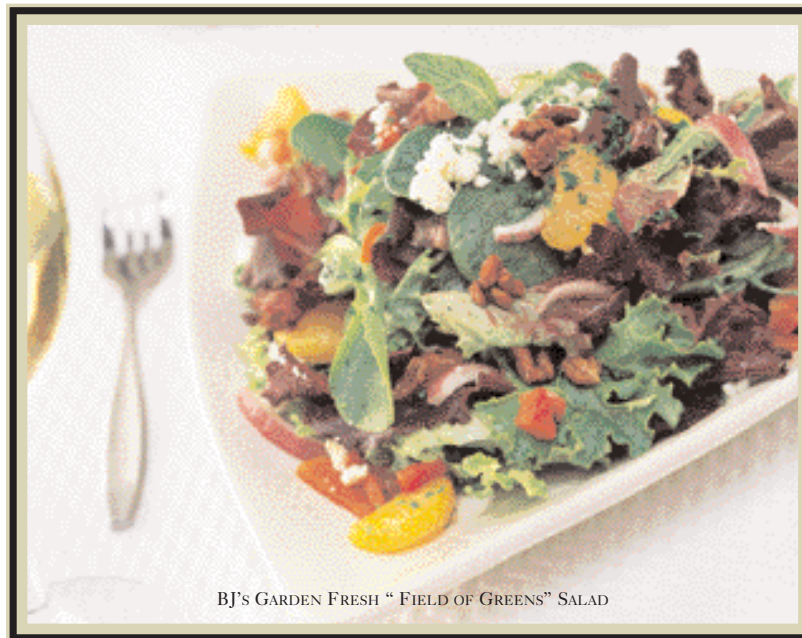


The increasing sales from our existing restaurants, combined with the continually stronger opening sales at our new restaurants, certainly affirm the popularity of the BJ's brand. We believe this popularity results from the broad appeal of the BJ's experience. The environment of our restaurants, our menu, and service standards are designed to create a far better experience for our guests than what they might expect at a casual-dining restaurant. At a per-person check average between \$10 and \$11, this experience is accessible to people of all age groups and income levels. We have opened high-volume restaurants in very diverse markets, from Westlake Village, CA, with median household incomes over \$95,000, to San Bernardino, CA, with median household incomes of approximately \$35,000.

We have been successful in very densely populated markets as well as less-populated, secondary markets. As we continue to successfully push the limits of our demographic criteria, our anticipated total number of potential BJ's restaurants increases.

Despite our successes, we are vigorously pursuing our imperative for continual improvement. Good will simply never be

good enough for us. We are continually striving to improve the BJ's experience for our guests. We launched a menu enhancement initiative during 2003 designed to revisit each of our menu items, identifying ways to enhance both taste and presentation and further distinguish our food from others in our category. The response from our guests was very positive and appreciative. While



BJ'S GARDEN FRESH "FIELD OF GREENS" SALAD

the first stage of that process was completed during 2004, we continue to review our recipes and procedures to improve the quality of the food we provide to our guests. During 2005, we will also be focusing on ways to improve the efficiency in our kitchens in order to enhance our speed of service. As a result of their great popularity, many of our restaurants are confronted with capacity limitation issues. Our ability to serve our guests more efficiently is a key element to increasing sales in the future. Another initiative in process is the effort to make our restaurant buildings more efficient

without sacrificing ambiance. Historically, most of our restaurants have been conversions of previously existing restaurant buildings. In 2002, we built our first prototype restaurant. Since that time, we have been working on more efficient layouts that have the least impact on seating capacity. The benefits of this approach are to reduce our development cost as well as our operating expenses. Our restaurants in

Moreno Valley and Corona, California reflect the most recent version of our prototype, and have successfully accommodated guest counts well above our company average.

We believe that the potential for the long-term success of the BJ's concept is very attractive. The realization of that potential is dependent upon three key factors:

- ▶ Identifying enough great sites to accomplish our growth objectives.
- ▶ Having sufficient capital to develop those sites.
- ▶ Recruiting and retaining the talent necessary to execute and enhance the BJ's concept as it grows to be a national brand.

BJ's Restaurant & Brewhouse

San Bernardino, California



BJ's Restaurant & Brewhouse

Corona, California

Guided by the challenge to optimize efficiencies without compromising aesthetics, all functional teams within the Company collaborated to produce the 7,000 square foot Brewhouse prototype in Moreno Valley and Corona, California.





We are pleased to report significant progress in each of these areas:

The pipeline of high-quality new sites has never been as full. By the end of 2004, we had executed leases on enough sites to achieve our 2005 growth objectives, and our current real estate pipeline extends well into 2006 and beyond.

In early 2005, we completed a follow-on equity offering which raised over \$40 million for the Company and which should be sufficient to fund our growth for a number of years based on our current growth plan.

Our ability to recruit the most talented managers in the restaurant industry has never been stronger. We are in a very enviable stage of our Company's development, having a proven track record of success, yet being at the relatively early stage of our growth.

The growth opportunities for highly-motivated and talented people in our Company are virtually limitless.

With all of the essential elements in place, we look ahead to the very exciting prospect of building a major national restaurant brand. The challenge of executing our growth plan while enhancing the quality of the BJ's concept will demand extraordinary effort from our organization and a level of structure and discipline that requires strong leadership.

We are very pleased that at the beginning of 2005, Jerry Deitchle joined our Company to lead that effort as our new CEO. Jerry's 28 years of experience with national restaurant and retail growth companies is only part of the reason that we believe he is well-suited to lead our Company. His thoughtful nature and intense passion for quality are a perfect match for our organization. We truly believe that the best times are yet ahead for our company under Jerry's guidance.

Of course, it takes much more than a single individual to create a great company. In our case, it takes over 4,000 enthusiastic, talented and dedicated people, providing great experiences to over 12 million guests per year. It is truly a collaborative effort, and we are so grateful to the people at BJ's who make us proud to be a part of a very special company.

We are also very grateful to our guests and our shareholders. Our guests have rewarded us with their loyalty and our shareholders have shown the ultimate confidence in us to grow their Company and increase their shareholder value. Congratulations to all of us on another great year.

A handwritten signature in black ink, appearing to read "Paul A. Motenko". The signature is fluid and cursive.

*Paul A. Motenko,
Co-Chairman of the Board,
Vice President and Secretary*

A handwritten signature in black ink, appearing to read "Jerry J. Hennessy". The signature is bold and cursive.

*Jerry J. Hennessy,
Co-Chairman of the Board*



Jerry Hennessy (left), Paul Motenko (right)

Jerry Deitchle
Chief Executive Officer

My first three months on the job at BJ's have solidly confirmed my belief that we have a strong opportunity to profitably expand the BJ's concept in both existing and new markets, and to further leverage our business model as we grow. During the remainder of 2005, I will focus on more fully understanding all of the details of the BJ's business model and the current status of the key systems, processes and people that make up our restaurant operations and our support infrastructure. Along the way, our management team will more concisely define a business plan and associated key initiatives that will include the following seven components:

PROTECT, ENHANCE AND EVOLVE THE BJ'S CONCEPT.

BUILD TALENT AT ALL LEVELS OF OUR COMPANY.

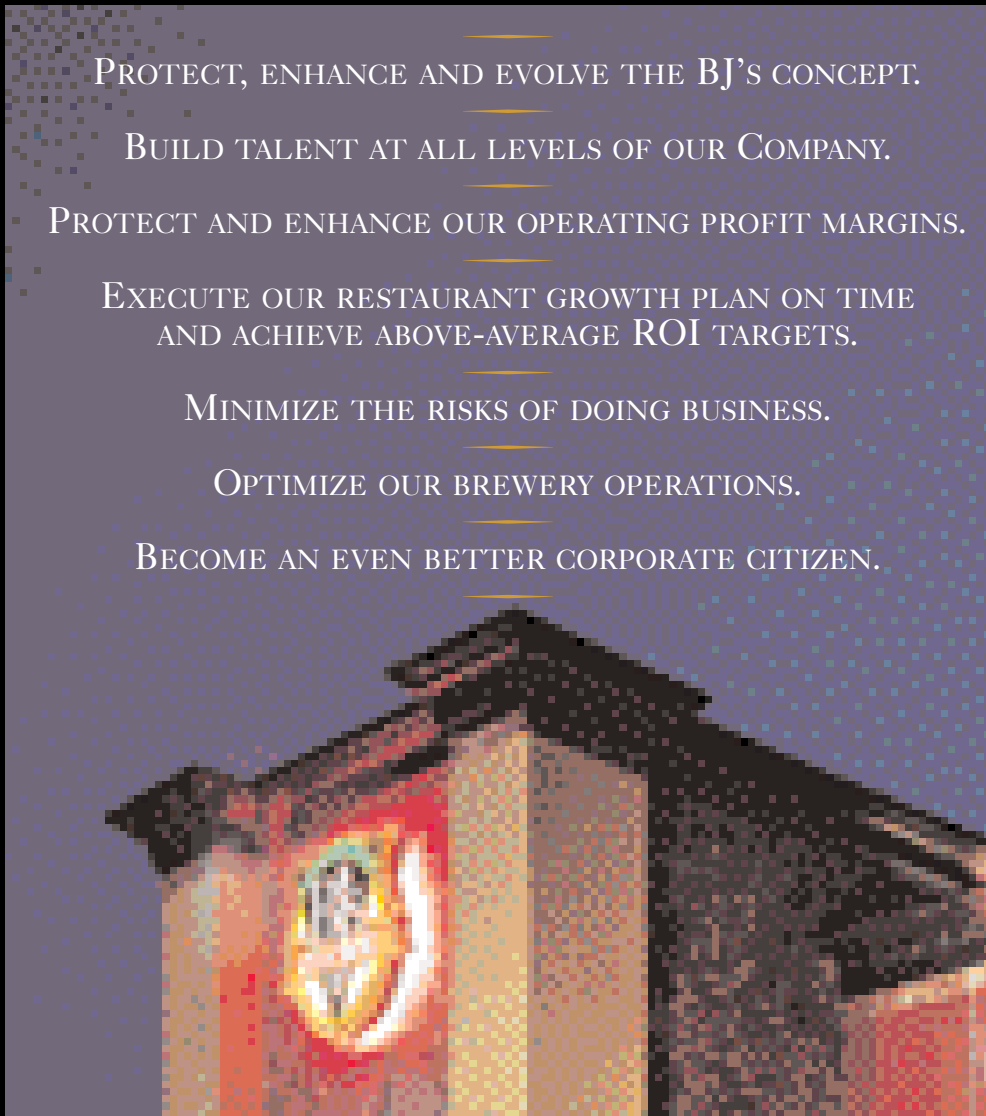
PROTECT AND ENHANCE OUR OPERATING PROFIT MARGINS.

EXECUTE OUR RESTAURANT GROWTH PLAN ON TIME
AND ACHIEVE ABOVE-AVERAGE ROI TARGETS.

MINIMIZE THE RISKS OF DOING BUSINESS.

OPTIMIZE OUR BREWERY OPERATIONS.

BECOME AN EVEN BETTER CORPORATE CITIZEN.



I am both honored and humbled to have the opportunity to lead the BJ's team, and I will do my very best to make a positive difference at our Company as we continue to execute our growth plan. I look forward to reporting our progress to you during the upcoming year.

THE POWER OF THE

Pizookie®

Never before in the history of our Company has the

power of the Pizookie been more evident than in 2004. BJ's has always donated a portion of the sales of

this famous ice cream-topped, freshly baked cookie to the Cystic Fibrosis Foundation. Inspired by this

tradition of giving, we launched the Thanks a Million campaign – a pledge to raise one million dollars

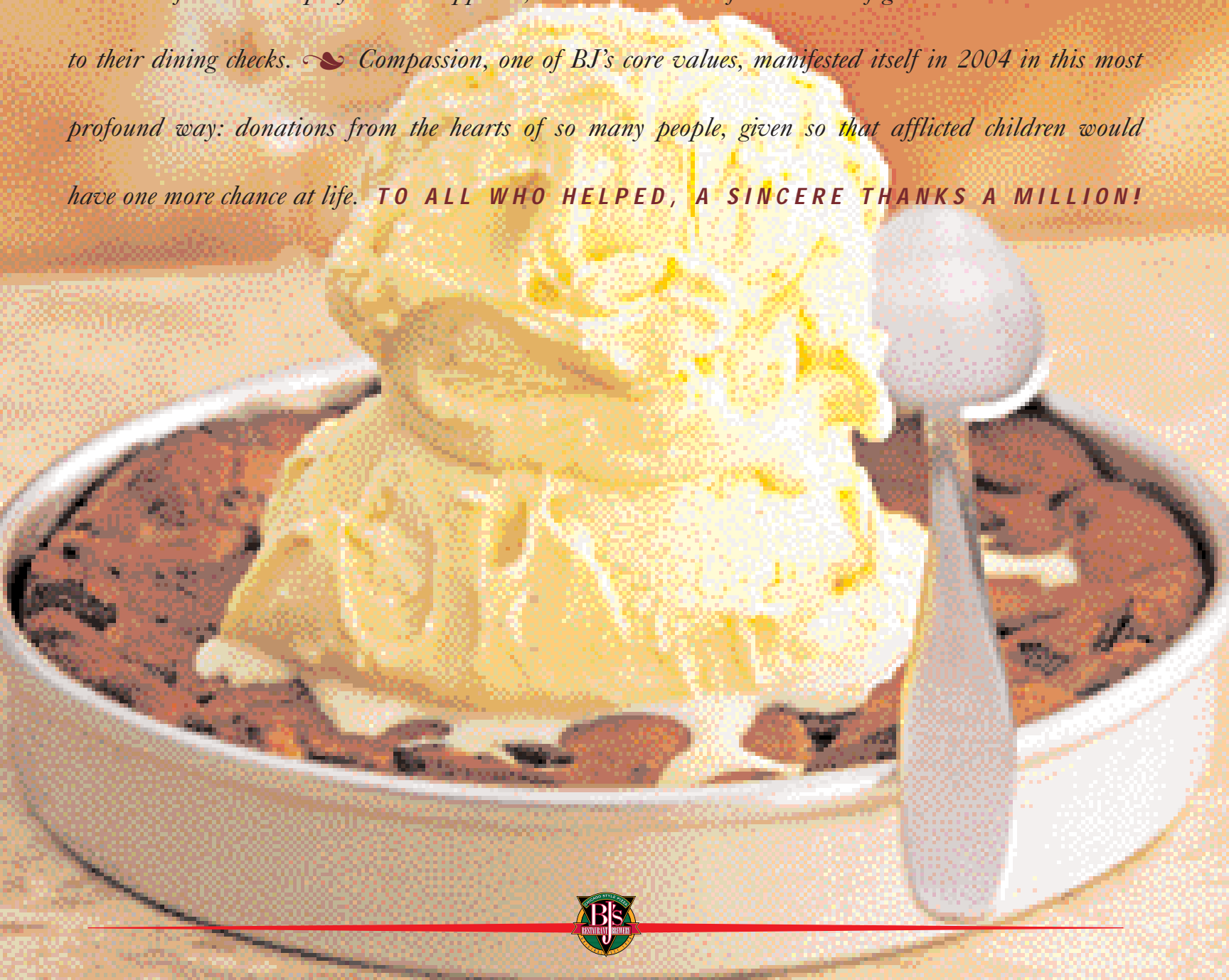
to fund research towards a cure for this disease. ♡ The pledge was enthusiastically supported by

donations from our employees and suppliers, and the kindness of thousands of guests who added dollars

to their dining checks. ♡ Compassion, one of BJ's core values, manifested itself in 2004 in this most

profound way: donations from the hearts of so many people, given so that afflicted children would

have one more chance at life. TO ALL WHO HELPED, A SINCERE THANKS A MILLION!





C O R P O R A T E I N F O R M A T I O N

BOARD OF DIRECTORS

Paul A. Motenko
Co-Chairman of the Board,
Vice President and Secretary
BJ's Restaurants, Inc.

Jeremiah J. Hennessy
Co-Chairman of the Board,
BJ's Restaurants, Inc.

Gerald W. Deitchle
President & CEO,
BJ's Restaurants, Inc.

Louis M. Mucci
Chief Financial Officer,
BJ's Restaurants, Inc.

Peter A. Bassi
Retired; Former Chairman & President of
Yum! Restaurants International

Larry D. Bouts
Investor/Business Advisor;
Former Chairman & Chief Executive Officer
Six Flags Theme Parks

Shann M. Brassfield
President, Golden Resorts, Inc.

James A. Dal Pozzo
President, The Jacmar Companies

John F. Grundhofer
Chairman Emeritus U.S. Bancorp

J. Roger King
Retired; Former Senior Vice President,
Human Resources at PepsiCo, Inc.

MANAGEMENT

Gerald W. Deitchle
President & CEO

Paul A. Motenko
Co-Chairman of the Board,
Vice President and Secretary

Jeremiah J. Hennessy
Co-Chairman of the Board

Louis M. Mucci
Chief Financial Officer

R. Dean Gerrie
Chief Brand Officer

Gregory S. Lynds
Chief Development Officer

J. William Streitberger
Chief Human Resources Officer

Alexander M. Puchner
Senior Vice President, Brewing Operations

Salvador A. Navarro
Senior Vice President, Food and Beverage

Robert D. Curran
Vice President, Investor Relations

Robert B. DeLiema
Vice President,
Marketing and Communications

Lon F. Ledwith
Vice President, Operations

Robert P. Lombardo
Vice President, Development & Construction

Nanette S. McWhertor
Vice President, Training & Development

Rana G. Schirmer
Vice President, Accounting & Controller

CORPORATE DATA

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Common Stock
The Company's common stock is traded on
NASDAQ under the symbol "BJRI".

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Glendale, California 91204
(818) 502-1404

Legal Counsel
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Los Angeles, California

**Independent Registered Public
Accounting Firm**
Ernst & Young LLP
Irvine, California

Statements contained herein that are not historical facts are forward looking statements. Important factors which could cause the Company's actual results to differ materially from those projected in, or inferred by, forward looking statements are (but are not necessarily limited to) the following: (i) the Company's ability to manage an increasing number of new restaurant openings, (ii) construction delays, (iii) labor shortages, (iv) minimum wage increases (v) food quality and health concerns, (vi) factors that impact California, where 27 of our current 38 restaurants are located, (vii) restaurant and brewery industry competition, (viii) impact of certain brewery business considerations, including without limitation, dependence upon suppliers and related hazards, (ix) consumer trends, (x) potential uninsured losses and liabilities, (xi) fluctuating commodity costs including food and energy, (xii) trademark and servicemark risks, (xiii) government regulations, (xiv) licensing costs (xv) beer and liquor regulations, (xvi) loss of key personnel, (xvii) inability to secure acceptable sites, (xviii) limitations on insurance coverage, (xix) legal proceedings, and (xx) other general economic and regulatory conditions and requirements.



BJ'S RESTAURANTS, INC.

CORPORATE OFFICES

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