
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 17, 2010



MEXICAN RESTAURANTS, INC.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

000-28234
(Commission
File Number)

76-0493269
(IRS Employer
Identification No.)

12000 AEROSPACE AVE., SUITE 400, HOUSTON, TEXAS 77034-5576
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code): **(832) 300-5858**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 17, 2010, Mexican Restaurants, Inc. issued a press release announcing its financial results for its first quarter ended April 4, 2010. A copy of the press release is deemed to be furnished, but not filed, as Exhibit 99.1 hereto.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following is furnished as Exhibit 99.1 to this Current Report on Form 8-K:

99.1 Mexican Restaurants, Inc. press release dated May 17, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MEXICAN RESTAURANTS, INC.

Date: May 19, 2010

By: /s/ Andrew J. Dennard

Name: Andrew J. Dennard

Title: Executive Vice President, Chief Financial
Officer, Treasurer and Corporate Secretary

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Mexican Restaurants, Inc. press release dated May 17, 2010



Contact: Mexican Restaurants, Inc.
Andrew J. Dennard
(832) 300-5858

**Mexican Restaurants, Inc.
Announces 2010 First Quarter Operating Results
(NASDAQ: CASA)**

Houston, Texas (May 17, 2010) For the Company's 2010 first quarter ended April 4, 2010, the Company reported a net loss of \$399,147 or \$0.12 per diluted share, compared with net income of \$179,853 or \$0.05 per diluted share for the first quarter of fiscal year 2009. The first quarter ended April 4, 2010 included a net loss from discontinued operations of \$103,716 compared with a net loss from discontinued operations of \$93,230 for the first quarter of fiscal year 2009.

The Company's restaurant revenues for the first quarter of fiscal year 2010 decreased \$2.2 million or 11.4% to \$17.0 million compared with \$19.2 million for the same quarter in fiscal year 2009. The decrease in restaurant revenues primarily reflects a decrease in same-store sales. For the first quarter ended April 4, 2010, Company-owned same-restaurant sales decreased approximately 11.7% and franchised-owned restaurant sales, as reported by franchisees, decreased approximately 11.0% over the same quarter in fiscal 2009.

Commenting on the Company's first quarter results, Curt Glowacki, Chief Executive Officer, stated, "Declining same-store sales continues to be our biggest obstacle to returning to profitability, as cost leverage is lost when same-store sales decline. We believe such decreases are a result of the continued weakness in the economy and its impact on consumers' dining habits. Based on our current economic outlook, we plan to focus our energies on improving existing restaurant same-store sales, growing cash flow, and paying down existing debt. Although we do not plan to open new Mission Burrito or other brand restaurants in fiscal year 2010, we will continue to work on refining our concepts for future growth. The timing of that will be dependent on the economy and our Company's performance. We continue to focus on the fundamentals of running great restaurants that offer delicious food at very affordable prices while positioning the Company to exit the recession stronger both financially and operationally."

Mexican Restaurants, Inc. operates and franchises 72 Mexican restaurants. The current system includes 55 Company-operated restaurants, 16 franchisee operated restaurants and one licensed restaurant.

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: growth strategy; dependence on executive officers; geographic concentration; increasing susceptibility to adverse conditions in the region; changes in consumer tastes and eating habits; national, regional or local economic and real estate conditions; demographic trends; inclement weather; traffic patterns; the type, number and location of competing restaurants; inflation; increased food, labor and benefit costs; the availability of experienced management and hourly employees; seasonality and the timing of new restaurant openings; changes in governmental regulations; dram shop exposure; and

other factors not yet experienced by the Company. The use of words such as “believes”, “anticipates”, “expects”, “intends” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Readers are urged to carefully review and consider the various disclosures made by the Company in this release and in the Company’s most recent Annual Report and Form 10-K , that attempt to advise interested parties of the risks and factors that may affect the Company’s business.

Mexican Restaurants, Inc. and Subsidiaries

Consolidated Statements of Operations
(Unaudited)

	<u>13-Week Period Ended 4/4/2010</u>	<u>13-Week Period Ended 3/29/2009</u>
Revenues:		
Restaurant sales	\$ 16,853,074	\$ 19,013,557
Franchise fees, royalties and other	123,912	138,289
	<u>16,976,986</u>	<u>19,151,846</u>
Costs and expenses:		
Cost of sales	4,944,913	5,250,244
Labor	5,817,086	6,122,989
Restaurant operating expenses	4,384,888	4,782,338
General and administrative	1,448,500	1,686,730
Depreciation and amortization	858,366	867,957
Impairment and restaurant closure expense	5,221	22,453
Gain on involuntary disposals	--	(7,231)
Loss on sale of property and equipment	3,715	36,762
	<u>17,462,689</u>	<u>18,762,242</u>
Operating income (loss)	<u>(485,703)</u>	<u>389,604</u>
Other income (expense):		
Interest income	11,783	980
Interest expense	(61,769)	(62,194)
Other, net	18,568	10,501
	<u>(31,418)</u>	<u>(50,713)</u>
Income (loss) from continuing operations before income taxes	(517,121)	338,891
Income tax (expense) benefit	221,690	(65,808)
Income (loss) from continuing operations	<u>(295,431)</u>	<u>273,083</u>
Discontinued operations:		
Income from discontinued operations	--	75,456
Restaurant closure expense	(181,543)	(190,572)
Loss on sale of assets	--	(581)
Loss from discontinued operations before income taxes	<u>(181,543)</u>	<u>(115,697)</u>
Income tax benefit	77,827	22,467
Loss from discontinued operations	<u>(103,716)</u>	<u>(93,230)</u>
Net income (loss)	<u>\$ (399,147)</u>	<u>\$ 179,853</u>
Basic income (loss) per common share		
Income (loss) from continuing operations	\$ (0.09)	\$ 0.08
Loss from discontinued operations	<u>(0.03)</u>	<u>(0.03)</u>

Net income (loss)	\$	(0.12)	\$	0.05
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Diluted income (loss) per common share				
Income (loss) from continuing operations	\$	(0.09)	\$	0.08
Loss from discontinued operations		(0.03)		(0.03)
Net income (loss)	\$	(0.12)	\$	0.05
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Weighted average number of common shares (basic)		3,309,628		3,269,341
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Weighted average number of common shares (diluted)		3,309,628		3,270,057
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